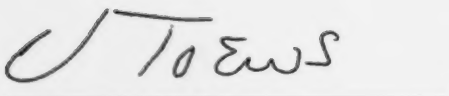
Treasury Board of Canada Secretariat

2006–07

Departmental Performance Report



The Honourable Vic Toews
President of the Treasury Board

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represented by the President of the Treasury Board, 2007

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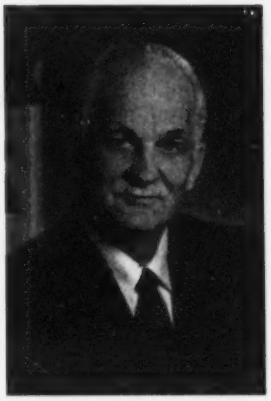
Section I: Overview

President's Message



It is with pleasure that I present the Treasury Board of Canada Secretariat's *Departmental Performance Report* for 2006–07. This document summarizes the achievements of the Secretariat in meeting the objectives outlined in the 2006–07 *Report on Plans and Priorities.*

On April 11, 2006, Canada's New Government delivered on its number one priority by introducing the *Federal Accountability Act*. This landmark piece of legislation, which received Royal Assent on December 12, 2006, sets a new and higher standard for accountability in government.

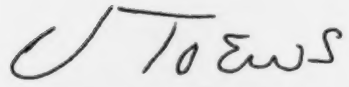
The government has also put a premium on effective expenditure management and is focussed on results-based management and ensuring that Canadians receive value for their tax dollars through vigorous program review. The Secretariat, working with departments and its central agency and portfolio partners, has a clear role to play supporting the government's efforts to deliver on these priorities.

To further these efforts, the Secretariat established three key priorities for 2006–07: to enhance governance, accountability, and management practices; to strengthen results-based expenditure management; and to improve internal management. The Secretariat has made significant progress in these areas by:

- streamlining and renewing the Treasury Board suite of policies, including three key reviews of policy areas required to support the implementation of the government's Action Plan on Accountability;
- completing departmental management assessments using the Management Accountability Framework;
- leading the renewal of the government's expenditure management system; and
- launching a five-step implementation plan in support of the *Management, Resources, and Results Structure Policy* to determine a complete inventory of government programs.

Finally, we continue to enhance our processes for reporting to Parliament to ensure that parliamentarians and Canadians have the information they need to make well-informed decisions, as well as to support the Treasury Board's role in the expenditure management cycle. Overall, the Secretariat is moving forward to ensure that government is well managed and accountable, and that resources are allocated to achieve results.

As we continue to make progress in these and other areas, I would like to take this opportunity to recognize the efforts of the men and women of the Secretariat, and thank them for their continued support, dedication, and hard work.



The Honourable Vic Toews, P.C., Q.C., M.P.
President of the Treasury Board

Management Representation Statement

I submit for tabling in Parliament the 2006–07 *Departmental Performance Report* for the Treasury Board of Canada Secretariat.

This document has been prepared based on the reporting principles contained in the *Guide to the Preparation of Part III of the 2006–2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*.

- It adheres to the specific reporting requirements outlined in the Treasury Board of Canada Secretariat guidance.
- It is based on the department's Strategic Outcomes and Program Activity Architecture that were approved by the Treasury Board.
- It presents consistent, comprehensive, balanced, and reliable information.
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Wayne G. Wouters
Secretary of the Treasury Board

Summary Information

Raison d'être: The raison d'être of the Treasury Board of Canada Secretariat (the Secretariat) is to ensure that the government is well managed and accountable, and that resources are allocated to achieve results. The functions performed by the Secretariat have a direct impact on governance, accountability, and the quality of public-sector management, as well as an indirect impact on the efficiency and effectiveness with which the government's programs and services are delivered.

Departmental Mandate

The Secretariat supports the Treasury Board by providing advice to Treasury Board ministers on the management and administration of government; by overseeing government management performance, and expenditure and financial management; and by managing compensation, pensions, benefits, terms and conditions of employment, and labour relations. The Secretariat also supports the Treasury Board by providing advice on Governor-in-Council submissions and on federal regulatory policy.

The Treasury Board

The Treasury Board is a Cabinet committee of the Queen's Privy Council for Canada. It was established in 1867 and given statutory powers in 1869.

As the general manager of the public service, the Treasury Board has three main roles:

- It acts as the government's management board by promoting improved management performance and developing policies and priorities to support the prudent and effective management of the government's assets, human, financial, information, and technology resources, as well as the management and oversight of the government's regulatory function.
- It acts as the government's budget office by examining and approving the proposed spending plans of government departments and reviews the development of approved programs.
- It acts as the employer of the core public administration and is responsible for human resources management in the federal public administration, including the determination of terms and conditions of employment and the management of compensation.

The Treasury Board's powers and responsibilities are set out in various pieces of legislation, regulations, orders in council, policies, guidelines, and practices. While the primary statute setting out the legislative authorities of the Treasury Board is the *Financial Administration Act*, there are over 20 other contributing statutes.

The Treasury Board has a number of instruments at its disposal to fulfil its responsibilities. It establishes and oversees a suite of management policies that set the performance expectations of the government. The Treasury Board also sets standards for a range of reports to Parliament, determines the compensation for the core public administration, Canadian Forces, and Royal Canadian Mounted Police; approves terms and conditions of employment; and manages the various pension and benefit plans provided for public service employees. In addition, the Treasury Board serves as the Committee of the Queen's Privy Council for the purposes of scrutinizing and approving Governor-in-Council submissions for regulations and most orders in Council.

The Treasury Board Portfolio

A number of organizations form the Treasury Board Portfolio:

- The **Treasury Board of Canada Secretariat** supports the Treasury Board by providing advice to Treasury Board ministers on the management and administration of government; by overseeing government management performance, and expenditure and financial management; by managing compensation, pensions, benefits, terms and conditions of employment, and labour relations; and by fulfilling the responsibilities of a central government agency. The Secretariat also supports the Treasury Board by providing advice on Governor-in-Council submissions and on federal regulatory policy.
- The **Canada Public Service Agency (formerly the Public Service Human Resources Management Agency of Canada)** supports the Treasury Board by bringing together most human resources management functions, including human resources planning and accountability, the implementation and management of the *Public Service Modernization Act*, the management and reform of the classification system for the public service, the development and implementation of employment policies, leadership, values and ethics, employment equity and diversity, and official languages.
- The **Canada School of Public Service** ensures that public service employees have access to the common learning tools they need to serve Canadians effectively.

For more information on the Canada Public Service Agency and the Canada School of Public Service, please consult their 2006–07 departmental performance reports.

The Secretariat

The mission of the Secretariat is to ensure that government is well managed and accountable, and that resources are allocated to achieve results. In fulfilling this mission, the Secretariat plays three key central agency roles in relation to the various government departments, agencies, and Crown corporations:

- an oversight role, which includes setting policies and standards, and monitoring and reporting on overall management and budgetary performance within government;
- an enabling role to help departments and agencies improve management performance across government; and
- a leadership role, by leading on key initiatives advancing an integrated management agenda.

As described in its Program Activity Architecture (PAA), the two primary activities of the Secretariat are:[1]

- **Management policy development and oversight.** Through this activity, the Secretariat provides support to the Treasury Board in its role as the management board of government and promotes good management practices across government. This includes its role as employer of the federal core public administration and manager of human resources in the federal public service.

The Secretariat supports its management board role by:

  - developing polices, directives, and standards to guide good management across government;
  - monitoring compliance and developing tools to measure and report on management performance; and
  - providing advice and support to functional communities.

To achieve its objectives under this program activity, the Secretariat also works closely with its portfolio partners, the Canada Public Service Agency and the Canada School of Public Service.

- **Expenditure management and financial oversight.** Through this activity, the Secretariat exercises its role as the budget office and undertakes the following key functions in support of this role:
  - providing advice to ministers with respect to resource allocation and reallocation, and the provision of expenditure authorities;
  - undertaking government-wide expenditure and performance analysis, and oversight of estimates and government supply, including the determination of compensation within the federal government; and
  - ensuring that accurate and timely financial and performance information from departments and agencies is available to support decision making and reporting to Parliament.

1. In 2006–07, the Treasury Board of Canada Secretariat amended its PAA to better reflect its management board and budget office functions. The Secretariat's 2006–07 commitments were aligned to this new PAA.

The work of the Office of the Comptroller General, a distinct office within the Secretariat, also cuts across the Secretariat's two program activities. The Office of the Comptroller General is responsible for developing and implementing policies and practices to strengthen financial management, controls, and internal audit.

Overview[2] of Resources and Summary of Performance

Financial Resources ($ thousands)

2006–07		
Planned Spending	**Total Authorities**	**Actual Spending**
2,604,346	2,584,047	1,744,413

Human Resources

2006–07		
Planned	**Actual**	**Difference**
1,351	1,179	172

2. Some figures in this document may not add to totals shown or some totals may differ from one table to another due to the rounding of the figures.

Performance Status

The following table provides a summary of the department's overall performance in relation to the priorities as set in the 2006–07 *Report on Plans and Priorities*. Further details on expected results by program activity stemming from these priorities are found in Section II.

Priority 1: Strengthening governance, accountability, and management practices

Commitment	Status[3]	Highlights
1.1 Trust and confidence in government is enhanced through the implementation of the *Federal Accountability Act* and supporting measures and through improved reporting to Parliament.	Met most expectations.	• The *Federal Accountability Act* received Royal Assent on December 12, 2006, and implementation is proceeding. By the end of 2006–07, the majority of the provisions of the Act had come into force or the dates upon which they would come into force had been fixed by order in council. • The new website for parliamentarians is live and provides access to planning and performance information, and Web tools. It also helps users to navigate through departmental RPPs and provides a whole-of-government view of planned spending over a three-year time horizon.
1.2 Responsibilities of deputy heads are clarified—streamlining rules while strengthening accountability and efficiency—through the renewal of the Treasury Board policy suite.	Met most expectations.	• Work on the policy suite renewal is progressing well. To date, 31 policy instruments have been approved by the Treasury Board, including 4 frameworks, 9 policies, and 18 directives and standards.
1.3 Management oversight is improved through the use of better tools, processes, and information.	Met most expectations.	• Management oversight was improved through a better, streamlined set of Management Accountability Framework (MAF) indicators and through enhanced analytical capability to produce better quality of information on departmental management performance.

3. Performance status:
   - "Met all expectations" indicates that all 2006–07 performance milestones identified in the *Report on Plans and Priorities* (RPP) were fully met.
   - "Met most expectations" indicates that most 2006–07 performance milestones identified in the RPP were met.
   - "Met some expectations" indicates that some 2006–07 performance milestones identified in the RPP were met.
   - "Not met" indicates that the result statement was not achieved in the time frame specified and/or significant work remains.

Commitment	Status[3]	Highlights
1.4 Financial management and auditing capacity across the Government of Canada are enhanced.	Met some expectations.	• The report of the Senior Committee on the Review of the Financial Management Framework was completed and its results are under consideration as part of the overall policy suite renewal. • Draft policies and supporting directives related to financial management, including the chief financial officer model, are progressing and expected to be completed by year-end. • Guidance materials and tools for departments and agencies to advance the Treasury Board *Policy on Internal Audit* were developed, including a first-generation maturity model to assess departmental internal audit capabilities and establishment of the Audit Committee Recruitment and Development Secretariat .
1.5 Management performance is strengthened through the development of strategies and tools to support service transformation.	Met most expectations.	• The *Service Transformation Alignment Roadmap* was completed, identifying opportunities for a more cohesive approach to whole-of-government internal and external service transformation initiatives. • A horizontal governance structure for service transformation initiatives was established with an accountability regime to monitor and report on the achievement of service transformation outcomes. • Considerable progress was made in the development of a business case for corporate administrative shared services, with extensive collaboration from departments and agencies involved.

Priority 2: Strengthening Results-Oriented Expenditure Management

Commitment	Status	Highlights
2.1 Leadership is provided in reviewing the government's expenditure management system and strengthening the role of the Treasury Board.	Met most expectations.	• Proposals to strengthen the government's expenditure management system were developed in support of the November 2006 Economic and Fiscal Update and Budget 2007 announcements. • Analysis and advice were provided on expenditure performance, capacity, and risks to ensure the allocation and reallocation of resources based on sound financial performance. • A complete model of accrual-based budgeting and appropriations is under development for discussion and debate by Parliament.
2.2 Results-based management and information on programs and spending across government are improved.	Met most expectations.	• An implementation process to strengthen results-based management and performance information in departments was launched. • Guidance was provided to departments in confirming their inventory of programs. • Progress was made in identifying systems requirements in support of the budget office systems renewal project. • A prototype for internal monthly expenditure reports is under development.

Priority 3: Enhancing the Internal Management of the Secretariat

Commitment	Status	Highlights
3.1 Secretariat support to the Treasury Board is strengthened through the adoption of a renewed approach to Treasury Board operations.	Met some expectations.	• Plans to develop a Secretariat charter were expanded into a more comprehensive change management exercise to reposition the Secretariat to better carry out its management board and budget office roles in support of the Treasury Board. • An assessment of the Secretariat's change readiness was carried out and critical transformation success factors were identified. • A new Secretariat intranet site was developed and launched.
3.2 Internal management practices are improved in response to the Secretariat's MAF assessment and the survey on workplace well-being.	Met most expectations.	• The Secretariat's 2006 MAF assessment indicates that the Secretariat made significant progress in a number of areas, including project management; procurement; and performance information. In addition, the Secretariat's PAA was revised and used as the basis for a renewed governance structure and an integrated approach to corporate planning. • Ninety-six per cent of Secretariat executives received the required training on the *Public Service Employment Act*. • A development program was implemented for Secretariat analysts in the Economics, Sociology, and Statistics (ES) Group. • The Secretariat's draft Business Continuity Plan was developed and is being refined.

Overview of Performance

Operating Environment

The Canadian public demands both increased accountability on the part of public officials and increased value for money. There are mounting expectations for faster delivery of more services for the same tax dollar, more efficient and effective use of public resources, greater transparency, and assurances that the decisions and actions of government officials meet a high standard of public service values and ethics. In this context, it is important to ensure that resource allocations are better linked to government priorities.

Management excellence

An effective, high-performing public service is essential to achieving accountability and improved expenditure management. The Secretariat, and the Treasury Board Portfolio as a whole, must work to ensure that the public service strives for excellence, remains connected to the needs and expectations of Canadians, and has a positive effect on their lives. In moving forward on its priorities, it is important for the Secretariat to continue to demonstrate leadership with respect to improved management practices.

Accountability and management practices

Canadians expect their government to be accountable, transparent, and effective. Over the last few years, there has been an unprecedented focus on improving management performance. To this end, it is critical to ensure that the appropriate balance is struck between strengthening accountability and promoting an environment that encourages innovation. A key aspect of this is avoiding an over-reliance on rules and addressing the web of rules in the public service.

With the increased focus on accountability, the Secretariat has concentrated its efforts on setting the broad policy framework for public service management; the expenditure framework within which the government operates; the accountability regime that shapes how the government performs; and a human resources management framework based on public service values and ethics.

A key response to Canadians' demand for accountability was the *Federal Accountability Act*, which received Royal Assent on December 12, 2006. It made substantive changes to over 45 statutes and created two new statutes to deliver on the government's promise to put in place a five-year lobbying ban, to eliminate corporate and union donations to political parties, and to protect whistleblowers, among other reforms. Over the past year, the Secretariat has focussed its efforts on coordinating the overall implementation of the *Federal Accountability Act* and Action

Plan, and will, over the next year, complete the work in response to the key policy reviews that were launched as part of the Action Plan.

Improved expenditure management

At the same time, Canadians are concerned not only with how government functions, but also with whether they are getting value for their tax dollars. In response, the government has put increased emphasis on effective expenditure management, in order to meet public demand for value for money and demonstrable results. This includes a focus on restraining growth in government spending and on managing for results.

As a result, and in accordance with Budget 2006, the Secretariat, in collaboration with the Privy Council Office and the Department of Finance Canada, undertook a fundamental reassessment of the expenditure planning, budgeting, and decision-making processes of the government. From this assessment, an integrated package of renewal measures for the Expenditure Management System has been developed to ensure that federal programs are effective, efficient, focussed on results, aligned with the government's priorities and responsibilities, and that they provide value for money.

The new approach is intended to strengthen the management of overall spending through measures to support managing and decision making for results by establishing clear responsibilities for departments to better define the expected outcomes of new and existing programs. Regular strategic reviews will ensure that new programs are fully and effectively integrated with existing programs by reviewing spending to ensure efficiency, effectiveness, and ongoing value for money. Additionally, the Secretariat is working to improve the quality of departmental and government-wide reporting to Parliament. The Secretariat has begun implementation of the renewed Expenditure Management System to support the Treasury Board in its budget office role.

Responding to these challenges

The performance outlined in this report reviews how the Secretariat, as a department, is working to become a leader in fostering management excellence, is ensuring greater accountability across government and, as such, is contributing to its strategic outcome that government is well managed and accountable, and resources are allocated to achieve results.

An overview of progress made in each of the three key priority areas, summarizing the Secretariat's commitments, achievements, and lessons learned is provided below.

Priority 1: Strengthening Governance, Accountability, and Management Practices

Context and commitment

The Secretariat, in collaboration with its portfolio partners, aims to make government as a whole more accountable and to increase openness, transparency, and the quality of information that federal organizations provide to Parliament so that Canadians are better able to hold the government to account for public policy and administration choices. In its role as the management board of government, the Secretariat promotes good management practices across government by:

- developing polices, directives, and standards to guide good management across government;
- monitoring compliance and developing tools to measure and report on management performance; and
- providing advice and support to functional communities.

In support of this, the Secretariat made the following commitments in fiscal year 2006–07:

- enhancing trust and confidence in government through the implementation of the *Federal Accountability Act* and supporting measures, and through improved reporting to Parliament;
- clarifying responsibilities of deputy heads—streamlining rules while strengthening accountability and efficiency—through the renewal of the Treasury Board policy suite;
- improving management oversight through the use of better tools, processes, and information;
- enhancing financial management and auditing capacity across the Government of Canada; and
- strengthening management performance through the development of strategies and tools to support service transformation.

Main achievements

The Secretariat has delivered on most of these commitments and has made important progress in others.

- The implementation of the *Federal Accountability Act* is proceeding. By the end of 2006–07, the majority of the provisions of the Act had come into force or the dates on which they would come into force had been fixed by order in council. In 2007–08, the government will bring into force the remaining provisions of the Act related to the new rules on lobbying and the establishment of the position of Procurement Ombudsman.
- Through the renewal of the policy suite, the Treasury Board has to date approved 31 policy instruments, including 4 frameworks, 9 policies, and 18 directives or standards.

Work on renewing the suite of Treasury Board policies is progressing well, with draft policies having been prepared in a number of areas as the basis for consultation and with work on other policies well advanced. Work on the directives and standards will carry forward into 2008–09. Close monitoring of implementation continues to be essential for the successful implementation of renewed policies.

- Management oversight was improved through implementing improvements to the Management Accountability Framework (MAF), the Secretariat's integrated instrument for assessing management performance in departments. In addition, MAF results were incorporated more systematically into advice to ministers in relation to expenditure decisions and were a key input to the Privy Council Office for the performance assessments of deputy ministers.
- Work was undertaken to develop financial management policies and supporting directives. The Senior Committee on the Review of the Financial Management Framework of the Government of Canada, established as part of the Federal Accountability Action Plan, undertook a review of the proposed financial management policy framework. The results of the review are now being examined as part of the overall policy suite renewal.
- Incremental funding allocations were made to departments for implementation of the new Policy on Internal Audit. Accountability measures were established involving 40 departments and agencies. Additionally, the Office of the Comptroller General (OCG) is nearing the completion of two horizontal audits and has developed extensive range of policy guidance materials to advance policy implementation.
- The OCG launched the Audit Committee Recruitment and Development Secretariat to support the requirement for departmental audit committees legislated through the passing of the *Federal Accountability Act*.
- The Secretariat completed an environmental scan to inform development of the government's service transformation agenda and develop strategies for future improvements to government services.

Priority 2: Strengthening Results-Oriented Expenditure Management

Context and commitment

The Secretariat plays a key role in overseeing government expenditures from a whole-of-government perspective by advising Treasury Board officials on expenditure management decisions, risks and opportunities, the administration of the Estimates cycle, and by reporting to Parliament, including through the Public Accounts. Effective and integrated expenditure and

financial management helps maintain balanced budgets, aligns resources with government priorities, and increases the efficiency of programs and operations.

In support of these responsibilities, the Secretariat made the following commitments in 2006–07:

- provide leadership in reviewing the government's expenditure management system and strengthening the role of the Treasury Board; and
- improve results-based management and information on programs and spending across government.

Main achievements

The Secretariat made significant progress on most of these commitments. To improve expenditure management across government, departments and agencies must continue to improve the quality of both financial and non-financial information on the value for money and results achieved by programs and services. The changes that are being made to the Expenditure Management System are transformative in nature and will require dedicated effort over the next few years. Implementation of such transformative initiatives will require continued focus and attention.

To date, the Secretariat has:

- conducted a review of the expenditure management system in support of the November 2006 Economic and Fiscal Update and Budget 2007 announcements, and developed proposals to strengthen and renew the government's expenditure management system;
- provided analysis and advice on expenditure performance, capacity, and risks to ensure the allocation and reallocation of resources is based on sound financial performance;
- developed proposed approaches for accrual-based budgeting and appropriations as the basis for presentations to the House of Commons Standing Committee on Government Operations and Estimates, and the House of Commons Standing Committee on Public Accounts—a complete model of accrual-based budgeting and appropriations will follow;
- launched a five-step implementation plan in support of the *Management, Resources, and Results Structure Policy* (MRRS) to strengthen results-based management and performance information on programs in departments. The Secretariat worked closely with departments to implement the first step of this process: a complete inventory of departmental programs;
- made progress in identifying information systems requirements to support the budget office systems renewal; and
- developed a prototype for monthly expenditure reports that is currently being readied for pilot testing, to support more accurate and timely analysis of departmental spending.

Priority 3: Enhancing the Internal Management of the Secretariat

Context and commitment

Delivering on the Secretariat's commitments to strengthen the Treasury Board's management board and budget office roles will help ensure that government is able to deliver on its priorities for the coming years. To do this effectively, while supporting ongoing core business functions, the Secretariat must continuously examine and improve its own internal management practices.

Over the long term, improving its internal management will allow the Secretariat, and the government, to effectively tackle new issues and priorities as they arise. To support this priority, the Secretariat made the following key commitments for 2006–07:

- strengthen Secretariat support to the Treasury Board through the adoption of a renewed approach to Treasury Board operations; and
- improve internal management practices in response to the Secretariat's MAF assessment and the survey on workplace well-being.

Main achievements

As demonstrated by its 2006 MAF assessment, the Secretariat made significant progress on most of these commitments and continues to advance efforts in others. As part of an internal change management exercise, progress was made in identifying how to strengthen departmental business processes to better support the Treasury Board. The Secretariat is working to implement an integrated approach to risk management with the recent completion of a corporate risk profile.

To date the Secretariat has:

- improved its corporate planning by aligning internal governance and decision making with the revised Program Activity Architecture and further integrating human resources planning with business planning;
- made progress in examining new risk-based approaches to departmental and Treasury Board business in an effort to bring a more strategic approach to management board and budget office issues;
- refined its plans to develop a Secretariat charter, as part of its internal change management, to better carry out its management board and budget office roles and developed an action plan to implement change management initiatives within the Secretariat;
- provided training to 96 per cent of its executives on the *Public Service Employment Act*;
- implemented a development program for Secretariat analysts in the Economics, Sociology, and Statistics (ES) Group to recruit, develop, and retain highly skilled, well-rounded

employees who understand the Secretariat's mandate and are able to contribute to all areas within the Secretariat; and

- redeveloped and implemented its intranet site.

Further work will be required to:

- finalize and implement plans for a more strategic approach to Treasury Board operations; and
- refine the Secretariat's draft Business Continuity Plan to further align it with the government-wide Public Service Readiness Plan, currently under development.

Alignment with Government of Canada Outcomes

The Secretariat's strategic outcome that government is well managed and accountable, and resources are allocated to achieve results contributes to the achievement of the Government of Canada's "Government Affairs" outcome.

Collectively, the Secretariat's priorities seek to ensure the government is well managed and accountable, and that resources are allocated to achieve results. Achievement of these priorities will help the Secretariat in fulfilling its three key central agency roles in relation to other government departments, agencies, and Crown corporations:

- an oversight role, which includes setting policies and standards, and monitoring and reporting expectations on overall management and budgetary performance within government;
- an enabling role to help departments and agencies improve management performance across government; and
- a leadership role, leading by example in advancing an integrated management agenda.

The Secretariat has developed tools and resources to help fulfil these roles, such as:

- the MAF, which sets out a comprehensive and coherent accountability regime that specifies the management expectations of deputy heads; and
- the *Management, Resources, and Results Structure Policy* (MRRS) and the PAA, which provide information on programs, their performance expectations, and their relation to departmental strategic outcomes.

Collectively, these initiatives have begun and will, once at full maturity, provide public service officials, parliamentarians, and Canadians with improved information on public-sector management and the results being achieved.

Section II: Analysis of Program Activities by Strategic Outcome

Analysis by Program Activity

Strategic Outcome

Rigorous stewardship of public resources to achieve results for Canadians.[4]

Financial Resources by Program Activity

($ thousands)	Planned Spending	Authorities	Actual Spending
Management and Expenditure Performance	134,649	142,470	138,797
Comptrollership	41,711	43,898	32,580
Centrally Managed Funds	2,427,986	2,281,742	1,537,987
Revitalization of the Toronto Waterfront[1]	0	115,937	35,049
Total	2,604,346	2,584,047	1,744,413

1. In accordance with the February 6, 2006, changes in ministers' responsibilities, this authority was transferred from Citizenship and Immigration Canada to the Treasury Board of Canada Secretariat through the 2006–07 Supplementary Estimates. Subsequently, in accordance with the January 4, 2007, changes in ministers' responsibilities, this authority will be transferred from the Treasury Board of Canada Secretariat to Environment Canada through the 2007–08 Supplementary Estimates.

Human Resources by Program Activity

Full-time Equivalents	Planned	Actual	Difference
Management and Expenditure Performance	1,087	978	109
Comptrollership	265	196	69
Centrally Managed Funds	0	0	0
Revitalization of the Toronto Waterfront	0	6	–6
Total	1,351	1,179	172

4. The Secretariat's strategic outcome was revised in 2006–07, effective for 2007–08, to better reflect its management board and budget office responsibilities. The previous outcome, provided above, was too narrowly focussed on the Secretariat's resource allocation activities and did not adequately reflect the Secretariat's increasing responsibilities for promoting accountable government, and effective and efficient management. The new strategic outcome—Government is well managed and accountable, and resources are allocated to achieve results—better reflects the full range of Secretariat activities.

Introduction

This section provides information on the progress made by the Secretariat in delivering on each of its priorities, plans, and expected results as outlined in the 2006–07 *Report on Plans and Priorities*, organized around its Program Activity Architecture (PAA). The Secretariat's program activities for 2006–07 were organized into three key areas of activity. They were:

- Management and Expenditure Performance;
- Comptrollership; and
- Centrally Managed Funds.

During fiscal year 2006–07, the strategic outcome of the Secretariat was to "ensure the rigorous stewardship of public resources to achieve results for Canadians." This strategic outcome was viewed as too narrowly focussed on the resource allocation activities undertaken by the Secretariat and did not adequately reflect the full spectrum of the support provided by the Secretariat to the Treasury Board in its functions as the management board (i.e. promotion of effective, efficient, transparent, and accountable management) or the budget office (i.e. resource allocation is optimized to achieve value for Canadians) of the federal public service.

For these reasons, the Secretariat amended its PAA in 2006–07, and introduced a new strategic outcome: Government is well managed and accountable, and resources are allocated to achieve results. The Secretariat's revised program activities are as follows:

1. Management Policy Development and Oversight, where the Secretariat's priorities for 2006–07 centred on enhancing governance, accountability, and management practices that support its management board functions;
2. Expenditure Management and Financial Oversight, where priorities focussed on strengthening results-oriented expenditure management, which is intended to advance the Secretariat's efforts as the budget office; and
3. Corporate Strategy and Services, where the Secretariat's priorities involved enhancing its own internal management in accordance with its MAF assessment, and providing better support to the Treasury Board.

It is important to note that, as the Secretariat develops a performance measurement framework based on its PAA, it will be in a better position to report on core functions related to each of its main program activities and the priorities that support them.

Program Activity Architecture Crosswalk

Old Program Activity	New Program Activity			
($ thousands)	Management Policy Development and Oversight	Expenditure Management and Financial Oversight	Revitalization of the Toronto Waterfront	Total
Management and Expenditure Performance	94,402	44,396	N/A	**138,797**
Comptrollership	25,063	7,516	N/A	**32,580**
Revitalization of the Toronto Waterfront[5]	N/A	N/A	35,049	**35,049**
Subtotal—Operations	119,465	51,912	35,049	**206,425**
Centrally Managed Funds	N/A	1,537,987	N/A	**1,537,987**
Total	**119,465**	**1,589,899**	**35,049**	**1,744,413**

Program Activity: Management Policy Development and Oversight

Through the Management Policy Development and Oversight program activity, the Secretariat provides support to the Treasury Board in its role as the management board. This role includes responsibilities for promoting improved management performance, and developing policies and priorities to support the prudent and effective management of the government's assets and human, financial, information, and technology resources. To achieve its objectives under this program activity, the Secretariat also works closely with its portfolio partners, the Canada Public Service Agency and the Canada School of Public Service.

Key activities under the Management Policy Development and Oversight program activity include:

- setting management performance expectations through the MAF;
- articulating specific management requirements, standards, and reporting requirements through the Treasury Board policy suite;

5. In accordance with the January 4, 2007, changes in ministers' responsibilities, this authority will be transferred from the Treasury Board of Canada Secretariat to Environment Canada through the 2007–08 Supplementary Estimates.

- defining the professional competencies required of key functional communities, including financial, information management, information technology, audit, procurement, materiel management, real property, and human resources specialists (i.e. labour relations, occupational health and safety, and compensation specialists);
- assessing departmental, agency, and Crown corporation performance against management standards and taking action to ensure weaknesses are addressed; and
- negotiating collective agreements, setting terms and conditions of employment, and promoting good labour-management practices.

In addition to advancing the RPP priorities listed below, highlights of the Secretariat's ongoing management policy development and oversight operations include:

- conducting MAF assessments for 54 departments and agencies;
- managing recruitment and professional development programs for the Financial Management and Internal Audit communities, including the Financial Officer Recruitment and Development and the Internal Auditor Recruitment and Development programs;
- developing and applying professional competencies, delivering workshops, and leading or participating in interdepartmental working groups in support of the real property and materiel management communities; and
- concluding nine collective agreements without labour disruption, including settlements with the Correctional Services and the Computer Systems groups.

The following table summarizes 2006–07 priorities in support of the Management Policy Development and Oversight program activity and its expected results for the reporting period:

Program Activity: Management Policy Development and Oversight

Supporting Priority: Strengthening governance, accountability, and management practices

RPP Commitments	Expected Results[6]	Summary of Achievements
Trust and confidence in government is enhanced through the implementation of the *Federal Accountability Act* and supporting measures and through improved reporting to Parliament.	Tabling parliamentary review and Royal Assent of the *Federal Accountability Act* is successfully coordinated under the leadership of the Secretariat.	The *Federal Accountability Act* was tabled in the House of Commons on April 11, 2006, and it received Royal Assent on December 12, 2006.

6. The expected results outlined in this performance report were identified as "subcommitments" in the 2006–07 RPP.

RPP Commitments	Expected Results[6]	Summary of Achievements
	Leadership is provided by the Secretariat in developing and implementing Secretariat elements of the Act.	After Royal Assent, the Secretariat was tasked with leading and coordinating the implementation of the *Federal Accountability Act* and Action Plan. An implementation plan and tracker was developed with target dates set for bringing the remaining provisions of the Act into force.
	Reporting to Parliament is improved.	The new website for parliamentarians is live and provides access to planning and performance information, and Web tools. The display of information in the Main Estimates, reports on plans and priorities, departmental performance reports, and the Public Accounts was standardized for 2005–06.
Responsibilities of deputy heads are clarified—streamlining rules while strengthening accountability and efficiency—through the renewal of the Treasury Board policy suite.	The three key reviews of policy areas required to support implementation of the Federal Accountability Action Plan are conducted and completed: transfer payments, procurement, and financial management.	The report of the Blue Ribbon Panel assessed and recommended changes to the *Policy on Transfer Payments*, which is planned to be renewed by the end of 2007. An independent review of government procurement was launched and completed, leading to the revised *Policy on Managing Procurement* that is still under consideration as part of the overall Treasury Board policy suite. The results of the review undertaken by the Senior Committee on the Review of the Financial Management Framework are under consideration as part of the review of the overall Treasury Board policy suite.

RPP Commitments	Expected Results[6]	Summary of Achievements
	The Treasury Board policy suite is streamlined—consistent with key Secretariat management initiatives such as the MAF—and associated policies are renewed and approved by the Treasury Board.	Work on the policy suite renewal continues to progress. To date, 31 policy instruments have been implemented, including 4 frameworks, 9 policies, and 18 directives or standards.
Management oversight is improved through the use of better tools, processes, and information.	Oversight and departmental management practices of deputy heads are enhanced through better understanding, ownership, and use of the MAF.	Departments received guidance to provide information in support of the assessments, which enhanced understanding of the MAF, fostered a dialogue on management practices within departments, and increased the use of MAF findings.
	The Secretariat's oversight role is strengthened through better indicators of management performance, processes for assessing performance, and capacity to interpret and apply findings.	Credible and useful information on the state of management across government was derived from MAF assessment findings through a more disciplined process, and a better suite of indicators and measures tailored to meet Treasury Board Portfolio oversight needs.
	The Secretariat's contribution to departmental and government-wide management performance is enhanced through the application of MAF findings to decision making by the Secretariat, the Privy Council Office, the Treasury Board, Cabinet, and departments.	MAF results were incorporated more systematically into advice to ministers in relation to expenditure decisions and were a key input to the Privy Council Office for the performance assessments of deputy ministers.
Financial management and auditing capacity across the Government of Canada are enhanced.	Financial management operations, practices, and reporting across government are improved.	Draft policies and supporting directives related to financial management, including the chief financial officer model, are progressing and expected to be completed by year-end. The results of the review undertaken by the Senior Committee on the Review of the Financial Management Framework are under consideration as part of the review of the overall Treasury Board policy suite. Work on the Financial Management Capability Model was deferred pending the

RPP Commitments	Expected Results[6]	Summary of Achievements
		finalization of the revised financial management policy suite.
	Internal audit plans, operations, and practices across government are enhanced.	Incremental funding allocations were made to departments in support of the implementation of the *Policy on Internal Audit* Extensive guidance and enablers to advance the Policy were developed, including an internal audit maturity model to guide the assessment of departmental internal audit capacity and capabilities.
	Capacity building and community development for financial management and internal audit are strengthened across government.	The Audit Committee Recruitment and Development Secretariat has been established and delivered strategy, outreach, and tools to engage departments in the establishment of their audit committees.
Management performance is strengthened through the development of strategies and tools to support service transformation.	An accountability regime to monitor and report on the achievement of service transformation outcomes is established.	An environmental scan was completed that identified issues and potential solutions related to the service transformation agenda. Interdepartmental committees were created to enhance horizontal collaboration on service transformation. A progress-reporting instrument was developed to monitor the status of issues related to service transformation initiatives.
	Plans to support improved management through corporate administrative shared services are refined and brought forward for Treasury Board consideration.	Considerable progress was made on the development of a business case for corporate administrative shared services with extensive collaboration from departments and agencies.

RPP Commitments	Expected Results[6]	Summary of Achievements
	Key Secretariat enabling and alignment initiatives are implemented in the fields of information management and information technology.	Guidelines have been developed that provide practical advice, best practices, and explanations for investment planning for the information management (IM) and information technology (IT) domains. A government-wide profile of IT services was developed.

Commitment

Trust and confidence in government is enhanced through the implementation of the Federal Accountability Act and supporting measures and through improved reporting to Parliament.

Results achieved

Implementation of the Federal Accountability Act

The primary goal of this initiative was to ensure that the government's commitment to implement the *Federal Accountability Act* is successfully coordinated under the leadership of the Secretariat. Work on the Act did not stop with the tabling of the Bill: numerous supporting measures, including those mentioned in the Federal Accountability Action Plan, were to be developed and implemented across government over the past year.

The implementation of the *Federal Accountability Act* is proceeding well. By the end of 2006–07, the majority of the provisions of the Act had come into force or the dates on which they would come into force had been fixed by order in council. In 2007–08, the government will bring into force the remaining provisions of the Act, specifically those related to the new rules on lobbying and the establishment of the position of Procurement Ombudsman.

In the lead-up to Royal Assent of the Act, the Secretariat led an interdepartmental team comprised of officials from the Privy Council Office, Public Service Human Resources Management Agency of Canada (now the Canada Public Service Agency), the Department of Justice Canada, and Public Works and Government Services Canada. This involved monitoring testimony from over 230 witnesses, anticipating potential amendments, and responding to over 350 proposed amendments.

Officials supported the government by providing strategic policy advice on the implications of the proposed amendments and appearing before House of Commons and Senate committees to explain how the Bill would work if adopted, as well as the legal underpinnings supporting the

policy decisions taken and to provide technical expertise on the implications of amendments and suggestions on how to structure amendments in order to minimize unintended consequences. This work was commended by members of the House committee.

Improved reporting to Parliament

The new website for parliamentarians is now live and provides access to planning and performance information, and Web tools, including the following:

- a brief explanation of the reporting cycle and associated documents, providing links to the Estimates, the Public Accounts, and *Canada's Performance*;
- the horizontal results database;
- the Audit and Evaluation database; and
- other information of interest to parliamentarians.

In addition, the RPP overview for parliamentarians website helps users navigate through departmental RPPs and provides a whole-of-government view of planned spending over a three-year time horizon. The Secretariat organized a special session on Parliament Hill to inform parliamentary staff of the new website.

Finally, the display of information in the Main Estimates, reports on plans and priorities, departmental performance reports, and Public Accounts was standardized for 2005–06. Each of these documents now provides information on strategic outcomes and program activities. This standardized display facilitates understanding of the purpose of planned and actual spending throughout the reporting cycle.

Lessons learned

Following Royal Assent to the *Federal Accountability Act*, an implementation plan was developed for the *Lobbying Act*. A priority was to move forward with the development of the regulations necessary to bring the *Lobbying Act* into force. In accordance with the *Government of Canada Regulatory Policy*, consultations were held with lobbyists and the public through an online survey conducted from March 1, 2007, to March 23, 2007. Implementing the *Lobbying Act* requires more time than initially expected, given the complexity of the regulations.

A deputy-level committee to oversee discipline and compliance was established in 2006–07; however, committee meetings are being held in 2007–08 as preparatory work on the compliance framework needs to be completed first.

The Secretariat has also responded to requests to examine the feasibility of rationalizing the number of departmental reports required by Parliament and communicated the results to departments and agencies through the *Guide to the Preparation of Part III of the Estimates.*[7]

Commitment

Responsibilities of deputy heads are clarified—streamlining rules while strengthening accountability and efficiency—through the renewal of the Treasury Board policy suite

Results achieved

Reviews of the Independent Blue Ribbon Panel

As promised in the Federal Accountability Action Plan, the President of the Treasury Board commissioned the independent Blue Ribbon Panel to recommend measures to make the delivery of grant and contribution programs more efficient while ensuring greater accountability.

The Panel's report was released on February 14, 2007. The overarching thrust of the report points to a need for widespread cultural change and sustained leadership within the federal government to create meaningful change in grants and contributions programming. It also concluded that it is possible to simplify the administration while strengthening accountability.

Responding to the report, the Secretariat established the Blue Ribbon Panel Coordination Office; created an interdepartmental committee of deputies to steer the development of a government-wide action plan; selected seven departments to develop specific action plans aimed at improving their administration of grants and contributions; launched a business review exercise to identify best practices; conducted early analysis for a centre of expertise; and took initial steps to engage recipient groups in the process of change.

The Secretariat also supported two other policy reviews as part of the Federal Accountability Action Plan: one for the government's procurement systems and processes, and one for financial management. The draft *Policy on Managing Procurement* was reviewed by an independent reviewer with a final report submitted to the President of the Treasury Board in November 2006 and publicly released in February 2007. The draft policy incorporates many of the independent review recommendations.

7. On a case-by-case basis, departments and agencies may be able to eliminate or amalgamate certain reports if the information is provided to Parliament through the Public Accounts or the Estimates.

The Senior Committee on the Review of the Financial Management Framework of the Government of Canada finalized its report and the results are under consideration as part of the review of the overall Treasury Board policy suite.

Renewal of the Treasury Board policy suite

The objective of the Secretariat's policy suite renewal initiative is to reduce the number of Treasury Board policies by at least 50 per cent, and significant progress has been made to date. In 2006–07, the Secretariat continued to coordinate policy renewal efforts across the Treasury Board Portfolio and to ensure that renewed policy instruments are streamlined and coherent while being presented in a consistent fashion across all policy areas. Importantly, the Secretariat has, in renewing each policy, considered the implications of the *Federal Accountability Act*, specifically the accounting officer model, and identified the linkages with the Management Accountability Framework.

As of March 31, 2007, Treasury Board ministers had renewed 31 policy instruments (4 frameworks, 9 policies, and 18 directives and standards). Work on the remaining policies continues, with further renewals anticipated in 2007–08. It is expected that work on the resulting directives and standards will continue in 2008–09. Close monitoring of implementation continues to be essential for successful roll-out of policies.

With each renewed policy, the Secretariat is developing detailed implementation and specific communication strategies. The training needs of both policy centres and functional communities across government are being identified to support the Secretariat's outreach and training activities.

Lessons learned

Given the size and complexity of the federal government and its management policy suite, clarifying accountabilities and developing reliable and useful performance information on a whole-of-government basis are major undertakings that take time and dedicated effort. Key lessons from the past year include the following:

- There is a need for policy centres within the Secretariat to monitor policy implementation within departments on an ongoing basis, to be ready to react and propose amendments when necessary. In particular, taking stock in early phases of implementation and identifying what works well and what does not is essential to achieve policy objectives.
- Effective consultation with government and non-government stakeholders is a pre-requisite for successful policy implementation and it requires openness, thoughtful negotiations, and usually considerably more time than estimated.

- Implementation issues must be identified and resolved during policy development to ensure that the intended policy direction adequately addresses identified risks and is well understood by those implementing the policy.
- Policy reviews need to take into account the specific circumstances of small departments and agencies, and there is no uniform model for policy implementation.
- If policy implementation requires new funding, sources of funds should be identified first.
- Change management, including the development of guidance tools, should be well planned and continually addressed during policy development and implementation.

Commitment

Management oversight is improved through the use of better tools, processes, and information.

Results achieved

Continued implementation of and improvements to the Management Accountability Framework

The Management Accountability Framework (MAF) establishes expectations for sound management practices across government. The Secretariat uses the MAF to assess the management performance of departments and agencies against these expectations on an annual basis in an effort to improve overall government management and to provide a picture of the state of management over time.

In building a longitudinal database of management performance, the Secretariat is able to better identify best practices and areas that require systemic improvement. Specific MAF assessments are used each year to improve departmental management practices and to help frame the expectations for deputy ministers' performance agreements.

Over the last year, the Secretariat improved its capacity for management oversight by streamlining the set of MAF indicators and by enhancing the analytical capabilities of its program and policy analysts. These improvements will help the Secretariat produce a higher quality of management assessment and departmental performance information.

The number of indicators was reduced from 41 to 20, and the number of associated measures from 134 to 90 between 2005 and 2006 assessments. Streamlining the indicators and measures has helped to increase acceptance of MAF as a valuable tool for departmental management and has enhanced the analytical capability of the TB Portfolio to identify enterprise-wide management trends. In addition, MAF results were incorporated more systematically into advice to ministers in relation to expenditure decisions and were a key input to the Privy Council Office for the performance assessments of deputy ministers.

MAF-based assessments were completed for all 54 departments and agencies targeted in Round IV (2006). Analysts in the program and policy sectors of the Secretariat, the Office of the Comptroller General, and the Canada Public Service Agency combined their expertise to produce quality assessments in a timely manner.

Through the use of the MAF and the findings of the MAF assessments, deputy ministers' oversight and departmental management practices were significantly enhanced in 2006–07:

- Deputies were provided with assessments on the state of departmental management. These assessments are being used to improve management practices within their organizations.
- To enhance understanding, ownership, and use of the MAF by departments and agencies, the Treasury Board Portfolio improved its departmental communications and shared its assessment methodologies with departments and agencies. Additionally, following the assessment round, bilateral meetings between deputies, the Secretary to the Treasury Board, and the President of the Public Service Human Resources Management Agency of Canada (now the Canada Public Service Agency) were held to discuss management challenges and set individual priorities for the coming year.
- Departments received guidance to provide information in support of the assessments, which enhanced better understanding of the MAF, fostered a dialogue on management practices within departments, and increased the use of MAF findings. The Treasury Board Portfolio made progress in becoming more strategic and more collaborative in identifying and addressing the learning needs of departments and agencies concerning the MAF.

Lessons learned

Through continued refinement of the MAF assessment instrument, departmental assessments against the Framework are becoming increasingly relevant and useful management tools for deputy heads, as well as for central agencies. Key lessons learned in the past year include:

- the need for seeking out and incorporating departmental input to refinement of the assessment instrument;
- the positive impact of improved training and communications on the quality of departmental assessments;
- the importance of effective engagement and dialogue between Treasury Board Portfolio senior executives and departments before, during, and after the assessment process;
- the need to fully tap the potential of the MAF to increase understanding of government-wide management strengths and weaknesses; and
- the importance of broadening the use of MAF findings in departments and central agencies alike, including in the provision of advice to Cabinet committees and parliamentarians.

Commitment

Financial management and auditing capacity across the Government of Canada are enhanced

The Office of the Comptroller General (OCG) within the Secretariat is responsible for developing and implementing policies and practices to strengthen financial management, controls, and internal audit. This role is supportive of the management policy development and oversight, as well as the expenditure management and financial oversight functions of the Treasury Board.

To this end, the main priorities of the OCG include ensuring public confidence in the government's financial management practices, improving the quality and credibility of financial information, and strengthening the role of internal audit across government.

Results achieved

Financial management operations, practices, and reporting across government

The results of the review of the Financial Management Framework undertaken by the Senior Committee on the Review of the Financial Management Framework of the Government of Canada are under consideration as part of the review of the overall Treasury Board policy suite.

Work to develop a financial management capability model was deferred pending the completion of the financial management policy suite. Financial management policies and most directives were drafted.

Internal audit plans, operations, and practices across government

The *Policy on Internal Audit* came into force in April 2006 with a phased implementation period extending through April 2009. Funds have been allocated to departments and agencies relative to the new requirements of the Policy. In addition, under the leadership of the OCG, an extensive range of guidance and tools have been drafted, including:

- an internal auditing standards manual;
- a professional practice inspection manual;
- framework of core management controls; and;
- a guidebook and a generic charter for departmental audit committee.

Additionally, an evergreen internal audit maturity model has been developed to help guide expectations for the phased implementation of the new *Policy on Internal Audit*. At the same time, an integrated business and technology strategy for internal audit has been articulated and,

as a first priority, a project is underway to procure a common audit management system for use across the government internal audit community.

Capacity building and community development for financial management and internal audit across government

The Audit Committee Recruitment and Development Secretariat was established to support the implementation of independent audit committees for departments and agencies in line with the 2006 *Policy on Internal Audit* and new legislation created with the passing of the *Federal Accountability Act*. The foundation was laid for solid selection and appointment processes and instruments. A development strategy was articulated and a first generation of induction materials and events delivered.

A comprehensive demographic survey of the internal audit community was completed that contributed to the development of a human resources strategy for this community. This was in line with the comprehensive Human Resources Framework prepared for this community.
In addition, the financial management community completed a demographic profile and released a comprehensive human resources framework. The data gathering phase of the Financial Management Human Resources Strategy was initiated and is currently nearing completion.

Lessons learned

With respect to the development of a revised financial management framework and policy suite, great care needs to be taken to ensure policy directions are clear and effective. Policy measures in the area of financial management must strike the right balance not only in and of themselves but also in relation to the entire suite of Treasury Board policies. They must ensure financial management can be strengthened without adding more red tape and burden on departments and line managers. As such, it is a question of putting in place the right risk-based controls, and not more controls, to ensure appropriate oversight and accountability.

In a similar vein, internal audit plans are risk-based and must be designed to promote purposeful, cost-effective controls. It has become apparent that, during the early stages of policy implementation and transition to steady state, the OCG will play a greater than expected hands-on role in the delivery of horizontal audits across government. Opportunities have also been recognized to better assist and leverage the total productivity of the internal audit function. This centres particularly on the development of an *audit intelligence* capacity to harvest, analyze, and share results of completed internal audit reports, methodologies, and other information generated by individual departments. This latter initiative will have significant multiplier effects in advancing the contribution of internal audit and will require organizational design changes within the Internal Audit Sector of the OCG.

In the above context, increasing the capacity of the Internal Audit Sector within OCG has been complicated by a shortage of experienced internal audit professionals and the requirement to actively generate products while designing a new organization.

Going forward, it is also clear that the OCG must take greater advantage of the knowledge leaders within the Chief Audit Executive community and have them act as centres of expertise for particular audit methodologies for the benefit of internal audit across government.

The hiring and retaining of appropriately trained internal auditors and accounting professionals is a challenge for the government, given the current economic and demographic climate. These challenges reinforce the necessity of developing and implementing sustainable human resources strategies for both the internal audit and financial management communities.

Commitment

Management performance is strengthened through the development of strategies and tools to support service transformation

Results achieved

Strategies and tools to support Service Transformation

The Secretariat completed an environment scan, including interdepartmental consultations, that was captured in a document titled *Service Transformation Alignment Roadmap*. This document provides an overview of challenges and barriers to service transformation across government while presenting strategies for future improvements that, if implemented, could foster leadership and culture change; build capability; and strengthen oversight for future service transformation initiatives.

A horizontal governance structure, engaging senior executives within the Secretariat and across government was created to help monitor and guide the progress of the service transfer initiatives. Governance committees within this structure will provide oversight, identify risks and emerging issues, recommend risk mitigation strategies to facilitate the government's service transformation objectives, and monitor the status of initiatives on an ongoing basis.

Improved management through corporate administrative shared services (CASS)

Considerable progress was made in the development of a business case for CASS, with extensive collaboration from departments and agencies involved.

Implementation of key Secretariat information management- and information technology-enabling initiatives

A key focus was to provide departments and agencies with the policies, guidelines, frameworks, and other tools needed to more effectively manage the federal government's investment in information management (IM) and information technology (IT), as well as to augment its service delivery capacity.

Significant progress was made to ready key policy instruments for July 1, 2007, implementation. In particular, the *Policy on Information Management* and the *Policy on Management of Information Technology* establish the government-wide direction and accountability for the sound stewardship and responsible management of information and technology assets.

In addition, the *Government of Canada Information Technology Services Profile* was published. This catalogue provides a whole-of-government approach for consistently describing information technology services and lays the foundation for planning, budgeting, measuring, and reporting of IM and IT investments more consistently across departmental program activity architectures.

Finally, the *Policy on Management of Information Technology* is ready for implementation. This policy sets the conditions for expanded use of shared services within government.

Other achievements include the following:

- New Common Look and Feel standards for Internet sites were released to promote well-coordinated, well-managed, responsive communications across the Government of Canada.
- The secure channel mandatory services amendment was made to the *Common Services Policy* to promote the use of the shared technology infrastructure and ensure single access to government services.

Work will continue in 2007–08 to develop the policy directives, standards, guidelines, and tools to use information and technology as strategic tools in a more consistent manner across government and to enhance service and improve the delivery of services to the public.

Lessons learned

Service transformation initiatives are large and complex, and a great deal of effort and goodwill have been invested to launch and sustain them by their sponsoring organizations. They need a significant number of policy changes to make their business and solution models work as planned, alongside large, complex procurements for services and/or products. They also face unique financial risks related to the realization of savings targets in the context of escalating

IM/IT costs and the significant effort required to link systems, streamline processes, and make organizational and cultural changes to implement their solutions.

The establishment of enterprise governance committees noted above has allowed the Secretariat to work jointly with other policy authorities and service transformation initiatives to promote a shared understanding of the government's service transformation environment and associated challenges and opportunities.

Finally, efforts to take stock and reflect on the future of service transformation in the Government of Canada has provided the Secretariat with the basis for assisting senior leadership in considering three key questions from the perspective of the government as a whole:

- whether the service transformation initiatives that are planned or underway are the right things to be doing in the right sequence;
- whether the direction, scope, and pace of these initiatives are appropriate at this time; and
- what approaches in moving forward could ensure coherent and consistent enterprise governance of service transformation initiatives so that they achieve their full potential.

Program Activity: Expenditure Management and Financial Oversight

The Treasury Board is often referred to as "the budget office" because of the important role it plays, along with the minister of Finance and the prime minister, in managing and overseeing government expenditures. Supported by the Secretariat, the Treasury Board's role is to ensure efficiency and effectiveness in federal expenditure management. The Expenditure Management and Financial Oversight program activity captures the Secretariat's activities in support of this budget office role, specifically through:

- providing advice to ministers with respect to resource allocation and reallocation, and the provision of expenditure authorities;
- undertaking government-wide expenditure and performance analysis, and oversight of estimates and government supply; and
- ensuring that accurate and timely financial and performance information from departments and agencies is available and reported, to support Public Accounts and budget office functions.

This program activity also includes the management and administration of central funds. Managing access to the central reserves under Treasury Board control is the core business of this program activity. These centrally managed funds were administered in accordance with the

applicable legislation and/or Treasury Board policies and standards, and they include funds related to:

- Government Contingencies (Secretariat Vote 5);
- Government-wide Initiatives (Secretariat Vote 10);
- Public Service Compensation (Secretariat Vote 20); and
- Public Service Insurance (Secretariat Vote 20).[8]

In addition to the priorities outlined below, other ongoing performance highlights with respect to this Program Activity include:

- the preparation and maintenance of the Public Accounts, the government's financial statements, and the ongoing development and maintenance of the government-wide Chart of Accounts;
- coordination of the Budget 2006 commitment to identify savings of $1 billion in 2006–07 and 2007–08 from direct program spending;
- successful management and preparation of the government's Main Estimates and Supplementary Estimates, including coordinating the tabling of 88 departmental performance reports for fiscal year 2005–06, and 54 reports on plans and priorities for both the 2006–07 and 2007–08 fiscal years; and
- successful coordination, implementation, and reporting of Governor General's special warrants to ensure essential government operations for the balance of 2005–06 and the first 45 days of 2006–07, in response to the November 2005 dissolution of Parliament.

The following table summarizes the priorities and expected results in support of the Expenditure Management and Financial Oversight program activity for the 2006–07 reporting period:

8. Note that no priorities were identified for management of these funds in 2006–07. For further details on these funds, please see Table 3 in Section III of this report.

Program Activity: Expenditure Management and Financial Oversight

Supporting Priority: Strengthening Results-oriented Expenditure Management

RPP Commitments	Expected Results[9]	Summary of Achievements
Leadership is provided in reviewing the government's expenditure management system and strengthening the role of the Treasury Board.	Expenditure Management review is completed and the Treasury Board's contribution to Cabinet priority setting and the annual budget process are strengthened.	Continued progress in the development of a proposal to review the government's Expenditure Management System. Options for implementation of accrual accounting and appropriations is being developed.
Results-based management and information on programs and spending is improved.	The quality of financial, management and program performance information across government is improved through the implementation of the MRRS Policy.	An implementation process in support of the MRRS Policy was launched to strengthen results-based management and performance information in departments. An evaluation framework for implementation of the MRRS Policy was developed. Progress was made in identifying information systems requirements to support the budget office systems renewal.
	The Secretariat's capacity to assess and advise on program spending, management, and results is strengthened.	A prototype for monthly expenditure reports is under development. The renewed *Evaluation Policy* was developed and is expected to be implemented in 2007–08.
	The tools, information, networks, and frameworks required to support horizontal program management are improved.	Programs related to climate change and Aboriginal issues were reviewed. The Horizontal Management Accountability and Reporting Framework for Clean Air was developed for implementation. The Performance Management Desktop Web tool was developed.

9. The expected results outlined in this performance report were identified as "subcommitments" in the 2006–07 RPP.

Commitment

Leadership is provided in reviewing the government's expenditure management system and strengthening the role of the Treasury Board.

Results achieved

Review of the Expenditure Management System

The Expenditure Management System (EMS) is the framework for supporting responsible and effective spending by the government through the identification and implementation of the government's spending plans and priorities within the monetary limits established by the budget. The EMS governs how money is spent, how much, on what, and for what purpose.

A key focus of the government's renewal of the EMS is to improve the quality, timeliness, coverage, and use of performance information to support managing, decision making, and reporting on results. Specifically, the renewed approach aims to better support Cabinet ministers in making integrated spending decisions that take into account the performance, relevance, and value for money of government spending.

As such, and in accordance with Budget 2006, the Secretariat, in collaboration with the Privy Council Office and the Department of Finance Canada, undertook a fundamental reassessment of the government's expenditure planning, budgeting, and decision-making processes.

From this assessment, an integrated package of measures was developed to renew the EMS. It is expected that a renewed EMS will strengthen the management of overall spending by establishing clear responsibilities for departments to better define the expected outcomes of government programs and ensure that they are managed efficiently and effectively and that they align with other programs.

As the different elements of the renewed EMS are implemented, the government will have more complete information with which to review spending to ensure efficiency, effectiveness, and ongoing value for money and to subsequently improve the quality of departmental and government-wide financial and non-financial reporting to Parliament.

Building upon its response to the House of Commons Standing Committee on Government Operations and Estimates, the Secretariat is currently developing a complete accrual-based budgeting and appropriations system. As indicated by the government's response to the 12th *Report of the Standing Committee on Public Accounts*, the Secretariat will present implementation options and considerations for discussion and debate by Parliament in 2007–08.

Lessons learned

To further improve expenditure management, the government must take a whole-of-government perspective on both financial and non-financial information, including the value for money and results achieved by government programs and services.

Effective financial management requires clear accountabilities and professional leadership within the Secretariat and in departments and agencies, as well as good governance, sound policies and processes, and timely and accurate information. The key elements of the new approach will require three to five years to reach full maturity and will require dedicated effort both within the Secretariat and across government.

Commitment

Results-based management and information on programs and spending is improved.

Results achieved

Implementation of the MRRS Policy

As a result of the MRRS implementation, in November 2006, the President of the Treasury Board tabled for the first time 88 Program Activity Architecture-based departmental performance reports (DPRs) on behalf of the government, thus completing the first full Estimates cycle based on MRRS. These 2005–06 DPRs more closely reflected what organizations do and how they manage their resources. They also provided more in-depth and systematic information on departmental expenditures and performance that is consistent with each department's MRRS. It is clear that the new structure provided parliamentarians and Canadians with enhanced tools to support their scrutiny of government expenditures.

Further to the initial implementation of the MRRS, it became evident that a government-wide process for making amendments to departmental program activity architectures (PAAs) would be necessary to increase the standardization and accuracy of PAAs. After two years of the amendment process, the 2007–08 Estimates cycle provides a much more stable PAA structure and a more consistent framework for examining spending across government.

Encouragingly, many departments have made substantial progress in developing and using the MRRS as their management and reporting tool, with an increased focus on identifying key departmental outcomes. A well-functioning PAA is a critically important departmental management tool and, as a result, has been incorporated as a clear expectation in the Management Accountability Framework.

The Secretariat has successfully managed the first step of the MRRS implementation, wherein departments were to develop fully articulated PAAs by identifying, situating, and describing all of their programs down to a common level of detail across the government, as well as to refine their strategic outcomes and Program Activity elements. As a result of this process, 96 departments and agencies came forward with changes to their departmental strategic outcomes and/or PAAs.

Furthermore, the second step of this process, during which departments and agencies are to define their Performance Measurement Framework and Governance Structure for their entire PAA, is still ongoing. The Secretariat is committed to assisting individual departments with the development of their performance measurement frameworks.

Full implementation of the MRRS Policy is an essential element of the renewed Expenditure Management System, and the government intends to complete implementation of the Policy over the course of the next two planning cycles.

Once mature, fully implemented, and supported by the information systems needed to meet budget office information requirements, the MRRS will provide a coherent inventory of all government programs aligned to strategic outcomes and the related financial and non-financial program performance information necessary to support allocation and reallocation decisions by departments and by Cabinet and to support better reporting to Parliament.

Strengthening the evaluation function

The evaluation function's objective is to provide timely, reliable, neutral results and value-for-money information to inform decision making on and accountability for policy, expenditure management, and program improvements. It complements and builds on the performance frameworks and performance information in MRRS by assessing the continued relevance and performance of programs and, as part of that process, looks behind the performance information to determine what it means and how performance and expenditure management can be improved to increase results for Canadians.

Extensive work has been undertaken by the Secretariat to renew the evaluation function across the government. A proposed new evaluation policy, directive, and standards, along with supporting guidelines, are currently being developed. As a first step, the Secretariat has developed a rapid value-for-money assessment tool that is currently being piloted by four departments to test its viability. Once lessons learned from the pilots are incorporated, the tool will be made available to the general evaluation community.

The renewed evaluation function will, once fully implemented, provide departments with comprehensive value-for-money assessments of their programs over a five-year cycle. Its increased focus on quality and rigour will also improve the credibility and objectivity of evaluations. It will ensure that departments have a suite of evaluation tools to align the intensity and scope of evaluations with the risk, scale, and impact of the spending program.

Tools and frameworks required to support horizontal program management

The Secretariat, in keeping with its commitment to review horizontal and cross-cutting programs, made progress on several fronts related to horizontal program management, including:

- the development of the Horizontal Management Accountability and Reporting Framework (HMARF) for Clean Air;
- the completion of the Performance Management Desktop (PMD) Web tool, which is a corporate resource for TBS; and
- continued development of guidance for central agencies and departments on horizontal expenditure management.

Lessons learned

Departmental MRRS are slowly improving, however continued refinements are needed, as some departments still remain challenged by the requirements of MRRS implementation. Clearly, moving to a more structured performance measurement framework for departmental programming is a major cultural change and thus will take some years to complete successfully. The Secretariat will continue to work closely with departments over the next fiscal year to assist with the continuing implementation of the MRRS.

In addition, horizontal reviews are an important tool to support Cabinet in assessing programs and their contributions to the achievement of government-wide priorities. These reviews can serve to assess performance in the growing number of government-wide policy areas and whether there are opportunities for improved alignment and coordination across government. It is expected that the ongoing horizontal review process will identify areas where effectiveness and efficiencies can be improved, including through the elimination of overlap and duplication.

Finally, the renewal of the *Evaluation Policy* was a challenging task, particularly given the range of issues that the Policy needed to address. Various lessons learned can be drawn from this experience. First, engaging departments, as well as other key stakeholders, throughout the policy development process was critical in order to ensure buy-in and to anticipate any policy implementation challenges and risks. Second, a strong leadership and oversight role of the Secretariat in evaluation (particularly capacity building and training) is key to the successful

implementation of the Policy. Finally, the evaluation function needs backbone and support in order to be effective.

Program Activity: Corporate Strategy and Services

The Corporate Strategy and Services program activity is comprised of internal management functions that aim to ensure that the Secretariat is well managed and accountable, and that resources are allocated to achieve Secretariat results. This includes key corporate functions such as:

- ensuring effective and efficient corporate services;
- ensuring effective corporate governance and accountability;
- providing integrated support to the Treasury Board; and
- advising on communication of policies, programs, and services and providing effective internal and external communications.

The following table summarizes the Secretariat's priorities in support of the Corporate Strategy and Services program activity, and its expected results, for the 2006–07 reporting period:

Program Activity: Corporate Strategy and Services

Supporting Priority: Strengthening Results-oriented Expenditure Management

RPP Commitments	Expected Results[10]	Summary of Achievements
Secretariat support to the Treasury Board is strengthened through the adoption of a renewed approach to Treasury Board operations.	A shared understanding of and commitment to a renewed approach to supporting the Treasury Board is developed.	Plans to develop a Secretariat charter were expanded into a more comprehensive change management exercise to reposition the Secretariat to better carry out its management board and budget office roles in support of the Treasury Board. Numerous learning and knowledge management events were held to support core Secretariat functions.
	A new intranet site is developed and implemented.	A new Secretariat intranet site was developed and launched.

10. The expected results outlined in this performance report were identified as "subcommitments" in the 2006–07 RPP.

RPP Commitments	Expected Results[10]	Summary of Achievements
	New approaches to strengthen Treasury Board operations are put into practice in cooperation with departments.	An assessment of the Secretariat's change readiness was carried out and a transformation framework was developed that identifies critical success factors for enabling change and strengthening support to the Treasury Board.
Internal management practices are improved in response to the Secretariat's MAF assessment and the survey on workplace well-being.	Human resources management is improved with progress on an open and transparent process for staffing, strengthened linkages to the Secretariat's business planning, and development of a multi-year human resources framework.	Ninety-six per cent of the executives identified at the Secretariat have registered, taken the required authority delegation training, and/or validated their knowledge. An ES program was implemented to recruit, develop, and retain highly skilled, well-rounded ES employees.
	Internal stewardship is improved, with emphasis on improving the quality and timeliness of Treasury Board submissions and financial reporting.	The new PAA developed and approved. Business planning was completed based on the revised PAA. An end-to-end review of the contracting process was completed. A tool kit, including a managers' guide to contracting, was completed. A risk-based internal audit plan for the Secretariat was developed. The Secretariat's Sustainable Development Strategy was tabled in Parliament and its implementation is underway.

RPP Commitments	Expected Results[10]	Summary of Achievements
	Governance and strategic direction is strengthened, including renewal of the Secretariat's PAA and MRRS; continued integration of strategic, human resources, and business planning; and development and implementation of a corporate risk profile.	Significant progress was made to strengthen the Secretariat's integrated planning and reporting function, relying extensively on the new Secretariat PAA as the core framework. Initial steps were taken to integrate human resources planning into the Secretariat's business planning. Significant progress was also made in building a first iteration of a corporate risk profile for the Secretariat, which is nearing completion.

Commitment

Secretariat support to the Treasury Board is strengthened through the adoption of a renewed approach to Treasury Board operations.

Results achieved

A renewed approach to supporting the Treasury Board

Plans to develop a Secretariat charter were expanded into a more fundamental review of how to reposition the Secretariat to better carry out its management board and budget office roles in the context of a change management exercise. This exercise is currently underway and aims to align key processes to reflect a more strategic and risk-based approach to the Secretariat's work, build relationships and processes with governmental stakeholders, and enhance the Secretariat's internal capability to better support and enable change across government.

Numerous learning and knowledge management events were held to support a shared and common understanding of Secretariat roles and responsibilities as they relate to management board and budget office functions:

- over 300 participants attended the Secretariat orientation and awareness sessions; and
- over 60 information and training events were held related to management board and budget office functions, including training related to the MAF, MRRS, policy suite renewal, and the Management Reserve.

Lessons learned

Given the depth and breadth of change facing the Secretariat, a fundamental review of how it carries out its management board and budget office roles was required. Early recognition of the requirement to expand initial efforts to strengthen support to the Treasury Board into a broader change management exercise was an important lesson learned.

The scope and complexity of the change management agenda has highlighted the importance of building consensus across the Secretariat and ensuring the alignment of the change agenda with other Secretariat priorities and activities, as well as broader government initiatives such as public service renewal.

Commitment

Internal-to-Secretariat management practices and oversight are improved in response to the Secretariat's MAF assessment and survey on workplace well-being.

Results achieved

Governance and strategic direction

Significant progress was made in efforts to strengthen the Secretariat's integrated financial, planning, and reporting functions, including further integration of risk management and human resources within the annual cycle, as well as alignment of the Secretariat's governance structure with its new PAA.

Internal Stewardship

The Secretariat has made significant progress in its internal management practices, particularly with respect to integrated financial and operational planning. Key results include:

- the completion of a full corporate business planning cycle based on the new PAA;
- simplified and automated business planning tools introduced to facilitate corporate planning across the Secretariat;
- the completion of three internal financial reviews to assure alignment of corporate resources with priorities;
- an end-to-end review of the contracting process, the development of a contracting tool kit, and the review of contracting delegations contracting authorities within the Secretariat;
- an internal risk-based audit plan that is now in place;
- the establishment of more robust procedures to ensure increased timeliness and quality of Secretariat-sponsored Treasury Board submissions; and

- the tabling in Parliament on December 13, 2006, of the Secretariat's Sustainable Development Strategy , which is expected to provide improved management of sustainable development within the Government of Canada, while improving environmental stewardship of the Secretariat's own internal operations.

Progress on an open and transparent process for staffing, strengthened linkages to the Secretariat's business planning, and development of a multi-year human resources framework

The Secretariat made substantial progress on implementing an open and transparent process for staffing, as well as on strengthening the links between human resources requirements and corporate business planning. Achievements in this area include the following:

- Ninety-six per cent of executives identified at the Secretariat have registered, taken the required authority delegation training, and/or validated their knowledge.
- An analyst development program was successfully implemented to recruit, develop, and retain highly skilled, well-rounded employees who understand the Secretariat's mandate and are able to contribute to all sectors across the Secretariat.

Lessons learned

In order to support decision making and accountability, the Secretariat will need to ensure that a robust internal evaluation function is established and maintained within the organization. This work will require development of a sound performance measurement framework to better assess expected results in each of its program activities.

In the context of its dynamic change management agenda, the Secretariat will also need to build upon the progress already made in developing a corporate risk profile and ensure that integrated risk management practices are central to the ongoing management of the organization.

Progress on the Secretariat's Management Accountability Framework Assessment

The 2005–06 MAF assessment of Secretariat management indicated that the Secretariat had made significant progress in a number of areas, including:

- leadership in horizontal initiatives and active engagement of departments and agencies;
- effective stewardship in complying with financial and administrative policies; and
- more effective integration of human resources and business planning.

In its 2006–07 RPP, the Secretariat committed to improve on its 2005 MAF assessment and has made significant progress in this regard. The Secretariat will continue to take action in **six key areas**:

1. **Governance structure:** The Secretariat is developing performance measures to better assess its strategic outcomes and improve results-based management practices.
2. **Treasury Board submissions and compliance with Treasury Board conditions:** The Secretariat is improving the timeliness of its own Treasury Board submissions through clarification of its governance structure.
3. **Evaluation function:** The Secretariat has refocussed internal resources to strengthen its audit and evaluation capacity.
4. **Project management:** The Secretariat is enhancing its project management capacity on key projects by ensuring the presence of explicit project management frameworks.
5. **Information and information technology (IT) management:** The Secretariat is implementing a departmental IT risk management plan.
6. **Human resources management:** The Secretariat is making important improvements to its human resources management by developing a multi-year framework and integrating human resources plans into its internal business planning process.

The Secretariat has addressed and will continue to address issues in response to its MAF assessment through its priorities related to improving its internal management, as described each year in its RPP.

Section III: Supplementary Information

Organizational Information

Treasury Board of Canada Secretariat Organization

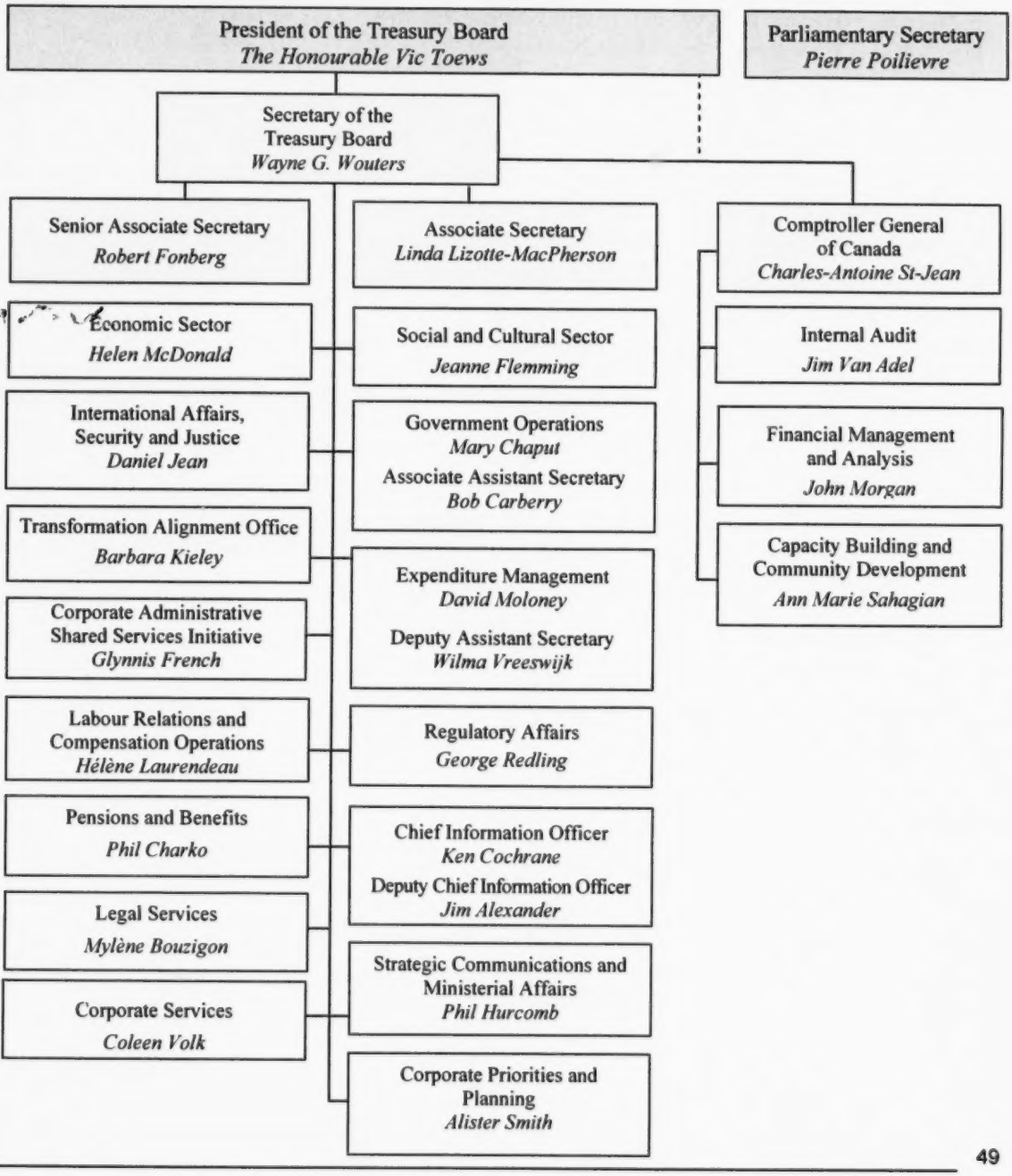


Table 1: Comparison of Planned to Actual Spending (including Full-Time Equivalents)

($ thousands)	2004–05 Actual	2005–06 Actual	2006–07 Main Estimates	2006–07 Planned Spending	2006–07 Total Authorities	2006–07 Actual
Program Activity						
Management and Expenditure Performance	119,134	131,202	129,512	134,649	142,470	**138,797**
Comptrollership	22,553	23,259	41,894	41,711	43,898	**32,580**
Centrally Managed Funds[1]	1,433,386	1,423,799	2,426,820	2,427,986	2,281,742	**1,537,987**
Revitalization of the Toronto Waterfront[2]	-	-	-	-	115,937	**35,049**
Total	**1,575,073**	**1,578,260**	**2,598,226**	**2,604,346**	**2,584,047**	**1,744,413**
Less: Non-respendable Revenue	(10,513)	(11,909)	-	(10,000)	(26,935)	**(26,935)**
Plus: Cost of services received without charge	12,395	12,672	-	11,500	12,550	**12,550**
Net Cost of the Secretariat	**1,576,955**	**1,579,023**	**2,598,226**	**2,605,846**	**2,569,662**	**1,730,027**
Full-time Equivalents	**996**	**1,048**	**1,341**	**1,351**	**1,385**	**1,179**

1. Total Authorities for Centrally Managed Funds include Secretariat Votes 5, 10, and 20, as well as other statutory votes related to public service pension and benefits. Votes 5 and 10 are special TB Votes that consist of funds used to supplement other appropriations. These transfers reduce the Secretariat's Authorities, and the departmental performance reports of recipient departments and agencies report an increase in Authorities, as well as actual expenditures.
2. In accordance with the February 6, 2006, changes in ministers' responsibilities, this authority was transferred from Citizenship and Immigration Canada to the Treasury Board of Canada Secretariat through the 2006–07 Supplementary Estimates. Subsequently, in accordance with the January 4, 2007, changes in ministers' responsibilities, this authority will be transferred from the Treasury Board of Canada Secretariat to Environment Canada through the 2007–08 Supplementary Estimates.

Table 2: Resources by Program Activity

($ thousands)

Program Activity	2006–07 Budgetary Operating	Contributions and other Transfer Payments	Total: Gross Budgetary Expenditures	Less: Respendable Revenues	Total: Net Budgetary Expenditures
Management and Expenditure Performance					
Main Estimates	132,722	-	132,722	3,210	129,512
Planned Spending	*137,859*	-	*137,859*	*3,210*	*134,649*
Total Authorities	145,660	20	145,680	3,210	142,470
Actual Spending	**141,511**	**20**	**141,531**	**2,734**	**138,797**
Comptrollership					
Main Estimates	41,894	-	41,894	-	41,894
Planned Spending	*41,711*	-	*41,711*	-	*41,711*
Total Authorities	43,668	230	43,898	-	43,898
Actual Spending	**32,350**	**230**	**32,580**	**-**	**32,580**
Centrally Managed Funds					
Main Estimates	2,558,500	520	2,559,020	132,200	2,426,820
Planned Spending	*2,559,666*	*520*	*2,560,186*	*132,200*	*2,427,986*
Total Authorities	2,446,477	515	2,446,992	165,250	2,281,742
Actual Spending	**1,702,899**	**338**	**1,703,237**	**165,250**	**1,537,987**
Revitalization of the Toronto Waterfront[1]					
Main Estimates	-	-	-	-	-
Planned Spending	-	-	-	-	-
Total Authorities	1,194	114,743	115,937	-	115,937
Actual Spending	**598**	**34,450**	**35,049**	**-**	**35,049**
Total					
Main Estimates	2,733,116	520	2,733,636	135,410	2,598,226
Planned Spending	*2,739,236*	*520*	*2,739,756*	*135,410*	*2,604,346*
Total Authorities	2,636,999	115,508	2,752,507	168,460	2,584,047
Actual Spending	**1,877,359**	**35,038**	**1,912,397**	**167,984**	**1,744,413**

1. In accordance with the February 6, 2006, changes in ministers' responsibilities, this authority was transferred from Citizenship and Immigration Canada to the Treasury Board of Canada Secretariat through the 2006–07 Supplementary Estimates. Subsequently, in accordance with the January 4, 2007, changes in ministers' responsibilities, this authority will be transferred from the Treasury Board of Canada Secretariat to Environment Canada through the 2007–08 Supplementary Estimates.

Table 3: Voted and Statutory Items

($ thousands)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2006–07 Main Estimates	Planned Spending	Total Authorities	Actual
1	Program Expenditures	150,649	155,434	177,738	156,963
2	Contributions[1]	-	-	114,993	34,700
(S)	President of the Treasury Board—Salary and motor car allowance	73	73	73	73
(S)	Contributions to employee benefit plans	20,684	20,853	14,689	14,689
(S)	Spending proceeds from the disposal of surplus Crown assets	-	-	17	-
5	Government Contingencies[2]	750,000	750,000	594,031	-
10	Government-wide Initiatives[3]	13,000	10,220	3,503	-
15	Collective Bargaining[4]	-	-	-	-
20	Public Service Insurance[5]	1,663,800	1,667,746	1,666,846	1,525,831
(S)	*Public Service Pension Adjustment Act*	20	20	15	15
(S)	Unallocated employer contributions made under the *Public Service Superannuation Act* and other retirement acts and the *Employment Insurance Act.*	-	-	10,557	10,557
(S)	Payments for the pay equity settlement pursuant to section 30 of the *Crown Liability and Proceedings Act*	-	-	1,584	1,584
	Total Treasury Board of Canada Secretariat	**2,598,226**	**2,604,346**	**2,584,047**	**1,744,413**

1. In accordance with the February 6, 2006, changes in ministers' responsibilities, this authority was transferred from Citizenship and Immigration Canada to the Treasury Board of Canada Secretariat through the 2006–07 Supplementary Estimates. Subsequently, in accordance with the January 4, 2007, changes in ministers' responsibilities, this authority will be transferred from the Treasury Board of Canada Secretariat to Environment Canada through the 2007–08 Supplementary Estimates.
2. Vote 5, Government Contingencies, supplements other appropriations to provide the government with the flexibility to meet unforeseen expenditures until parliamentary approval can be obtained and to meet additional pay list costs, such as severance pay and parental benefits, that are not provided for in departmental estimates. These transfers reduce the Treasury Board of Canada Secretariat's Authorities, and the departmental performance reports of recipient departments and agencies show an increase in Authorities.
3. Vote 10, Government-wide Initiatives, supplements other appropriations in support of the implementation of strategic management initiatives in the public service of Canada. These transfers reduce the Treasury Board of Canada Secretariat's Authorities, and the departmental performance reports of recipient departments and agencies show an increase in Authorities.
4. Vote 15 supplements other appropriations to provide funding for the increased personnel costs of collective agreements between the Treasury Board and collective bargaining units representing public servants, as well as collective agreements signed by separate employers. Authorities are initially increased in Secretariat Vote 15 through Supplementary Estimates and then subsequently transferred to Operating Votes of recipient departments.
5. Vote 20, Public Service Insurance, covers the payment of the employer's share of health, income maintenance, and life insurance premiums; payments to or in respect of provincial health insurance plans; provincial payroll taxes; pension, benefit, and insurance plans for employees engaged locally outside Canada; and the return to certain employees of their share of the unemployment insurance premium reduction.

Table 4: Services Received Without Charge

($ thousands)	2006–07 Actual Spending
Accommodation provided by Public Works and Government Services Canada	9,211
Salary and associated expenditures of legal services provided by the Department of Justice Canada	3,338
Total 2006–07 Services received without charge	**12,550**

Table 5: Sources of Respendable and Non-respendable Revenue

Respendable Revenue

($ thousands)	Actual 2004–05	Actual 2005–06	2006–07 Main Estimates	2006–07 Planned Revenue	2006–07 Total Authorities	2006–07 Actual
Management and Expenditure Performance						
Revenue related to the administration of the *Public Service Superannuation Act* (PSSA)[1]	2,192	2,535	3,210	3,210	3,210	2,734
Comptrollership						
Centrally Managed Funds						
Revenue related to Public Service Insurance[2&3]	174,235	157,726	132,200	132,200	165,250	165,250
Total Respendable Revenue	**176,427**	**160,261**	**135,410**	**135,410**	**168,460**	**167,984**

1. Respendable revenue is used to cover salaries and operating costs from Public Service Superannuation in respect of chargeable costs associated with administering the *Public Service Superannuation Act*.
2. Respendable revenue is used to cover health care insurance plan costs from revolving funds and from departments and agencies that pay for employee benefit plans from a non-statutory appropriation. The recovery is based on 8 per cent of the total monthly personnel costs. This account is also used to record the pensioner's share of Pensioners' Dental Services Plan (PDSP) contributions.
3. Planned revenue is forecast based on historical payroll costs. In accordance with government revenue respending policy, Total Authorities may be increased by up to 125 per cent of planned revenue to compensate for higher than forecast payroll costs. Any revenue above the 125 per cent is frozen and is deposited to the Consolidated Revenue Fund.

Table 5: Sources of Respendable and Non-respendable Revenue (cont'd)

Non-respendable Revenue

			2006–07			
($,thousands)	Actual 2004–05	Actual 2005–06	Main Estimates	Planned Revenue	Total Authorities	Actual
Recovery of health benefits costs in excess of respendable amount[3]	-	-	-	-	14,229	**14,229**
Revenue from parking fees[4]	10,512	11,168	-	10,000	11,325	**11,325**
External revenue from Access to Information requests	1	1	-	-	3	**3**
Revenue related to the administration of the *Public Service Superannuation Act* (PSSA)[5]	-	549	-	-	576	**576**
Refunds of previous years expenditures	-	157	-	-	772	**772**
Disciplinary penalties	-	33	-	-	18	**18**
Proceeds from the disposal of surplus Crown assets	-	-	-	-	10	**10**
Other	-	-	-	-	3	**3**
Total Non-respendable Revenue	**10,513**	**11,909**	**-**	**10,000**	**26,935**	**26,935**

4. This represents revenue from monthly remittances of parking fees from Health Canada and the Payroll System General Ledger. Parking fees are collected from public servants in government-owned or -leased facilities. As the Treasury Board of Canada Secretariat is responsible for the parking policy, it became the repository for the fees.

5. This represents the non-respendable revenue portion received from Public Service Superannuation in respect of chargeable costs associated with administering the *Public Service Superannuation Act*, and covers the costs of employee benefit plans, health, and accommodation.

Table 6: Resource Requirements by Branch or Sector

2006–07					
Organization ($ thousands)	Management and Expenditure Performance	Comptrollership	Centrally Managed Funds	Revitalization of the Toronto Waterfront	Total
Office of the Comptroller General					
Planned Spending		28,065			28,065
Actual Spending		21,016			21,016
Expenditure Management Sector					
Planned Spending	15,468[1]		750,000		765,468
Actual Spending	22,636		-[2]		22,636
Labour Relations and Compensation Operations Branch					
Planned Spending	10,386				10,386
Actual Spending	10,862				10,862
Pensions and Benefits Sector					
Planned Spending	7,001		1,667,766		1,674,767
Actual Spending	7,293		1,525,831		1,533,125
Chief Information Officer Branch					
Planned Spending	23,412				23,412
Actual Spending	24,581				24,581
Social and Cultural Sector					
Planned Spending	4,887				4,887
Actual Spending	4,216				4,216
Economic Sector					
Planned Spending	5,328				5,328
Actual Spending	4,442				4,442
Government Operations Sector					
Planned Spending	9,342				9,342
Actual Spending	10,316				10,316
International, Security and Justice Sector					
Planned Spending	5,248				5,248
Actual Spending	4,412				4,412
Other Sectors[3]					
Planned Spending	4,237[4]				4,237
Actual Spending	10,484	849			11,333

Table 6: Resource Requirements by Branch or Sector (cont'd)

Organization ($ thousands)	2006–07 Management and Expenditure Performance	Comptrollership	Centrally Managed Funds	Revitalization of the Toronto Waterfront	Total
Branches under Corporate Strategy and Services[5]					
Planned Spending	49,340	13,646	10,220		73,206
Actual Spending	39,556	10,715	12,156	35,049	97,475
Total					
Planned Spending	**134,649**	**41,711**	**2,427,986**	**-**	**2,604,346**
Actual Spending	**138,797**	**32,580**	**1,537,987**	**35,049**	**1,744,413**

1. Planned Spending did not include funding of $7.3 million received in Supplementary Estimates for the Expenditure Management Information System.
2. Vote 5 shows no actual expenditures because funds are transferred to other departments, reducing the Secretariat's Authorities. Funds totalling $156 million were transferred to other departments from Vote 5 in 2006–07 to cover pay list costs such as severance pay and parental benefits that are not provided for in departmental estimates.
3. Includes Regulatory Affairs, Corporate Administrative Shared Services, Transformation Alignment Office, Blue Ribbon Panel (*Federal Accountability Act*), and Climate Change Review.
4. Planned Spending did not include funding of $8.5 million received in Supplementary Estimates for the Corporate Administrative Shared Services Initiative.
5. Includes the President's Office, Secretary's Office, Associate Secretary's Office, Legal Services, Strategic Policy and Communications, Corporate Services, and other central costs.

Table 7-A: User Fees—*User Fees Act*

(Access to Information and Privacy Office, Treasury Board of Canada Secretariat)

				2006–07					Planning Years		
A. User Fee	Fee Type	Fee-setting Authority	Date Last Modified	Forecast Revenue ($000)	Actual Revenue ($000)	Full Cost ($000)	Performance Standard	Performance Results	Fiscal Year	Forecast Revenue ($000)	Estimated Full Cost ($000)
Fees charges for the processing of access requests filed under the *Access to Information Act*	Other products and services	*Access to Information Act* (ATIA)	1992	1.8	2.4	384.1	Response provided within 30 days following receipt of request; the response time may be extended pursuant to section of the ATIA. Notice of extension to be sent within 30 days after receipt of request. The ATIA provides fuller details; see http://laws.justice.gc.ca/en/showtdm/cs/A-.	Statutory deadlines met 98% of the time	2007–08 2008–09 2009–10	2.0 2.2 2.3	400.0 410.0 420.0
				Subtotal (R) Subtotal (O) Total	Subtotal (R) Subtotal (O) Total	Subtotal (R) Subtotal (O) Total			Subtotal Subtotal Subtotal	2007–08 2008–09 2009–10 Total	2007–08 2008–09 2009–10 Total

B. Date Last Modified: N/A

C. Other Information

It is the Department's practice to waive fees where the total owing per request amounts to less than $25.00, when the request has not been answered within the legislated time frames and additional costs would normally have been incurred, or there is a public interest in disclosure. There was a significant increase in the number of times fees were waived in 2006–07, due to the informal processing of monthly requests for the reports generated by the Coordination of Access to Information Requests System (CAIRS). It was also due to a new electronic disclosure service that we are now able to offer. In order to reduce costs and increase efficiency, documents released are occasionally provided on CD-ROM, which means that no reproduction fees are charged to the applicant.

Table 7-B: User Fees—*Policy on Service Standards for External Fees*

(Access to Information and Privacy Office, Treasury Board of Canada Secretariat)

Supplementary information on user fees can be found at
http://www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp.

Table 8: Details on Project Spending

Supplementary information on project spending can be found at
http://www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp.

Table 9: Details on Transfer Payment Programs (TPPs)

During the 2006–07 reporting period, the Secretariat was responsible for one TPP: the Toronto Waterfront Revitalization Initiative.

Supplementary Information on TPPs can be found at
http://www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp.

Table 10: Financial Statements of Departments and Agencies (including Agents of Parliament)

Statement of Management Responsibility for Financial Statements

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2007, and all information contained in these statements rests with the management of the Treasury Board of Canada Secretariat. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

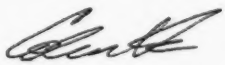
Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Secretariat's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the Secretariat's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within parliamentary authorities, and are properly recorded to maintain accountability of government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff, through organizational arrangements that provide appropriate divisions of responsibility, and through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Secretariat.

The system of internal control is augmented by Internal Audit, which conducts periodic audits and reviews of different areas of the department's operations. In addition, the Chief Audit Executive has free access to the Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the financial statements to the Secretary of the Treasury Board.

The financial statements of the Secretariat have not been audited.

Wayne G. Wouters
Secretary of the Treasury Board
Ottawa, Canada
August 28, 2007



Coleen Volk
Senior Financial Officer
Ottawa, Canada
August 28, 2007

Treasury Board of Canada Secretariat

Statement of Operations (Unaudited)

For the year ended March 31

($ thousands)

	2007	2006
EXPENSES (Note 5)		
Centrally Managed Funds (Note 4)	1,523,483	1,423,797
Management and Expenditure Performance	150,428	147,180
Comptrollership	35,974	25,117
Revitalization of Toronto Waterfront	35,048	-
TOTAL EXPENSES	1,744,933	1,596,094
REVENUES (Note 6)		
Centrally Managed Funds	11,325	11,168
Management and Expenditure Performance	3,336	3,695
Comptrollership	7	79
TOTAL REVENUES	14,668	14,942
NET COST OF OPERATIONS	1,730,265	1,581,152

The accompanying notes form an integral part of these financial statements.

Treasury Board of Canada Secretariat

Statement of Financial Position (Unaudited)

As at March 31

($ thousands)

	2007	2006
ASSETS		
Financial assets		
Accounts receivable (Note 7)	184,124	194,736
Non-financial assets		
Tangible capital assets (Note 8)	4,020	649
TOTAL ASSETS	188,144	195,385
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	598,190	385,233
Vacation pay and compensatory leave	5,204	4,317
Employee severance benefits (Note 10)	20,531	17,245
	623,925	406,795
EQUITY OF CANADA	(435,781)	(211,410)
TOTAL	188,144	195,385

Contingent liabilities (Note 11)

The accompanying notes form an integral part of these financial statements.

Treasury Board of Canada Secretariat
Statement of Equity of Canada (Unaudited)
For the year ended March 31
($ thousands)

	2007	2006
Equity of Canada, beginning of year	**(211,410)**	**(545,599)**
Net cost of operations	(1,730,265)	(1,581,152)
Current year appropriations used (Note 3)	1,744,413	1,578,259
Revenue not available for spending	(26,163)	(12,400)
Change in net position in the Consolidated Revenue Fund (Note 3)	(224,906)	336,810
Services provided without charge (Note 12)	12,550	12,672
Equity of Canada, end of year	**(435,781)**	**(211,410)**

The accompanying notes form an integral part of these financial statements.

Treasury Board of Canada Secretariat

Statement of Cash Flow (Unaudited)

For the year ended March 31

($ thousands)

	2007	2006
Operating activities		
Net cost of operations	1,730,265	1,581,152
Non-cash items:		
Amortization of tangible capital assets (Note 8)	(344)	(668)
Gain on disposal of tangible capital asset	10	7
Services provided without charge (Note 12)	(12,550)	(12,672)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable	(10,612)	111,459
Decrease (increase) in accounts payable:		
Accounts payable and accrued liabilities	(212,957)	225,473
Vacation pay and compensatory leave	(887)	36
Employee severance benefits	(3,286)	(2,715)
Decrease in deferred revenues	-	551
Cash used by operating activities	1,489,639	1,902,623
Capital investment activities		
Acquisition of tangible capital assets	3,893	53
Transfer-in of tangible capital assets	26	-
Proceeds from disposition of tangible capital assets	(214)	(7)
Cash used by capital investment activities	3,705	46
Financing activities		
Net cash provided by the Government of Canada	(1,493,344)	(1,902,669)

The accompanying notes form an integral part of these financial statements.

1. Authority and Objectives

Under the broad authority of sections 5 to 13 of the *Financial Administration Act*, the Treasury Board of Canada Secretariat supports the Treasury Board as a committee of ministers in its role as the general manager and employer of the public service. It is headed by a secretary, who reports to the president of the Treasury Board.

The mission of the Secretariat is to ensure that the rigorous stewardship of public resources achieves results for Canadians.

The core business of the Secretariat is currently organized into the following key areas of program activity:

a) Centrally Managed Funds

This program activity provides sound management and administration of central funds related to government contingencies; government-wide initiatives; and public service pensions, benefits, and insurance.

b) Management and Expenditure Performance

This program activity seeks to promote sound public management by defining clear and achievable management expectations for the use of resources, supporting collaborative labour relations, monitoring expenditure performance, aligning resources with government priorities, and reporting results to Parliament.

c) Comptrollership

This program activity aims to put in place effective audits, financial and management controls, and oversight and reporting mechanisms, and to provide assurance that value for money is being achieved through investments made with public funds.

Another activity was under the responsibility of the Secretariat for the 2006–07 fiscal year only:

d) Revitalization of the Toronto Waterfront

The Toronto Waterfront Revitalization Initiative (TWRI) is both an infrastructure and urban renewal investment. The purpose of the TWRI is to revitalize the Toronto waterfront through investments in both traditional city-building infrastructure, such as local transportation and sewers, and more contemporary urban development, including parks, green spaces, tourism-related facilities, and the redevelopment of underutilized post-industrial areas.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

a) Parliamentary appropriations

The Secretariat is financed by the Government of Canada through parliamentary appropriations. Appropriations provided to the Secretariat do not parallel financial reporting according to generally accepted accounting principles, since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 to these financial statements provides a high-level reconciliation between the bases of reporting.

b) Net cash provided by the Government of Canada

The Secretariat operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Secretariat is deposited to the CRF and all cash disbursements made by the Secretariat are paid from the CRF. Net cash provided by the Government of Canada is the difference between all cash receipts and all cash disbursements, including transactions between departments and agencies of the Government of Canada.

c) Change in net position in the Consolidated Revenue Fund

The change in net position in the CRF is the difference between net cash provided by the government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the Secretariat. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

d) Revenues

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenues. These revenues are recognized in the period in which the related expenses are incurred.

Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

e) Expenses

Expenses are recorded on the accrual basis:

- Grants are recognized in the year in which the conditions for payment are met. In the case of grants that do not form part of an existing program, the expense is recognized when the government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.
- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation and legal services are recorded as operating expenses at their estimated cost.

f) Government-wide employee benefits

Eligible public service employees participate in the Public Service Pension Plan sponsored by the Government of Canada. Contributions to the Plan for all departments and agencies, including additional contributions in respect of any actuarial deficiencies, are funded by the Secretariat as centrally managed funds, and they are expensed in the year incurred. The Secretariat recovers a portion of the pension contributions from other departments and agencies.

The Government of Canada also sponsors a variety of other benefit plans that the Secretariat is responsible for administering and/or fund through its centrally managed funds. These benefits are recognized to expenses when they become due. A portion of these benefits is also recovered from other departments and agencies.

For the pension benefits and other future employee benefits covered by these plans, actuarially determined liabilities and related disclosure are presented in the financial statements of the Government of Canada, the ultimate sponsor of these benefits. As administrator of the centrally managed funds, the Secretariat expenses these benefits or contributions as they become due and records no accruals for future benefits. This accounting treatment corresponds to the funding provided to the department through parliamentary appropriations.

g) Departmental employee future benefits

Pension benefits: Eligible employees of the Secretariat participate in the Public Service Pension Plan. The Secretariat's share of contributions pertaining to the current service cost of its employees is allocated to the expenses of the program activities of Management and Expenditure Performance, and Comptrollership in the year incurred.

Severance benefits: Employees are entitled to severance benefits, as provided for under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees of the Secretariat is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government of Canada as a whole.

h) Accounts receivable

Accounts receivable are stated at the amount expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

i) Tangible capital assets

All tangible capital assets having an initial cost of $10,000 or more are recorded at their acquisition cost. The Secretariat does not capitalize intangibles, works of art, and historical treasures that have cultural, aesthetic, or historical value. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Machinery and equipment	3 to 5 years
Motor vehicles	3 years
Leasehold improvements	Term of lease
Assets under construction	Once in service, in accordance with asset class

j) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that it is likely that the future event will occur or will fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

k) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies that are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits, and the useful life of tangible capital assets. Actual results could differ significantly from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

The Secretariat receives most of its funding through annual parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through parliamentary appropriations in a prior, current, or future year.

Accordingly, the Secretariat has different net results of operations for the year on a funding basis than on an accrual basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to current year appropriations used:

	2007	Restated 2006
	($ thousands)	
Net cost of operations	1,730,265	1,581,152
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Amortization of tangible capital assets	(344)	(668)
Gain on disposal of tangible capital assets	10	7
Services provided without charge	(12,550)	(12,672)
Vacation pay and compensatory leave	(887)	36
Employee severance benefits	(3,286)	(2,715)
Revenue not available for spending	26,153	12,400
Other	1,068	693
	10,164	(2,919)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Advances	91	(27)
Acquisitions of tangible capital assets	3,893	53
	3,984	26
Current-year appropriations used	1,744,413	1,578,259

b) Appropriations provided and current-year appropriations used

	2007	2006
	($ thousands)	
Voted authorities:		
Vote 1—Program expenditures	177,739	152,312
Vote 2—Contributions	114,993	
Vote 5—Government contingencies	594,031	-
Vote 10—Government-wide initiatives	3,503	-
Vote 20—Public service insurance	1,666,846	1,653,700
	2,557,112	1,806,012
Statutory authorities:		
President of the Treasury Board—salary and motor car allowance	73	72
Contributions to employee benefit plans	14,689	14,946
Payments under the *Public Service Pension Adjustment Act*	15	6
Payments for the pay equity settlement pursuant to section 30 of the *Crown Liability and Proceedings Act*	1,584	269
Unallocated employer contributions made under the *Public Service Superannuation Act* and other retirement acts, and the *Employment Insurance Act*	10,557	42,208
Spending of proceeds from the disposal of surplus Crown assets	17	-
	26,935	57,501
Lapsed authorities:		
Vote 1—Program expenditures	(20,775)	(12,870)
Vote 2—Contributions	(80,293)	
Vote 5—Government contingencies	(594,031)	-
Vote 10—Government-wide initiatives	(3,503)	-
Vote 20—Public service insurance	(141,015)	(272,384)
Spending of proceeds from the disposal of surplus Crown assets	(17)	-
	(839,634)	(285,254)
Current-year appropriations used	1,744,413	1,578,259

c) Reconciliation of net cash provided by government to current-year appropriations used

	2007	Restated 2006
	($ thousands)	
Net cash provided by government	1,493,344	1,902,669
Revenue not available for spending	26,163	12,400
Change in net position in the Consolidated Revenue Fund:		
Variation in accounts receivable	10,612	(111,459)
Variation in accounts payable and accrued liabilities:		
Accounts payable and accrued liabilities	212,957	(225,473)
Vacation pay and compensatory leave	887	(36)
Other adjustments	450	158
	224,906	(336,810)
Current-year appropriations used	1,744,413	1,578,259

4. Centrally Managed Funds

The Government of Canada sponsors defined benefit pension plans covering substantially all employees. The Secretariat funds the employer's contributions to the Public Service Pension Plan and Retirement Compensation Arrangement, including additional contributions in respect of actuarial deficiencies.

The Secretariat also funds payments to or in respect of:

- the employer's share of contributions to the Public Service Death Benefit Account;
- the employer's share of Canada/Quebec Pension Plan contributions and Employment Insurance premiums;
- the employer's share of health, disability, and life insurance premiums and related Quebec sales tax;
- claims and related costs under the Public Service Dental Care Plan and the Pensioners' Dental Services Plan;
- provincial payroll taxes;
- pension, benefit, and insurance plans for employees engaged locally outside Canada by Canadian missions abroad; and
- returns to certain employees of their share of the Employment Insurance premium reduction.

Generally, Public Service Pension Plan contributions, Public Service Death Benefit Account contributions, Canada/Quebec Pension Plan contributions, and Employment Insurance premiums are recovered from all departments, agencies, and revolving funds pro-rata, based on salaries and wages incurred. Contributions to health care plans are recovered from certain departments and agencies, and all revolving funds based on 7.5 per cent (8 per cent in 2006) of salaries and wages incurred.

A breakdown by major category is as follows:

	2007	2006
	($ thousands)	
Expenses		
Public Service Pension Plan and Retirement Compensation Arrangement contributions	2,110,191	2,235,456
Public Service Pension Plan and Retirement Compensation Arrangement contributions in respect of actuarial deficits	9,500	16,200
Public Service Death Benefit Account contributions	9,595	9,568
Canada/Quebec Pension Plan contributions	512,102	445,152
Employment Insurance premiums	236,083	296,490
Employment Insurance premium reduction	1,214	1,776
Quebec Parental Insurance Plan premiums	22,194	5,333
Public Service Health Care Plan premiums	549,845	495,080
Public Service Dental Care Plan claims	207,833	194,491
Pensioners' Dental Services Plan claims	94,562	77,077
Provincial health insurance plan premiums	36,511	38,812
Provincial payroll taxes	419,201	398,717
Group disability and life insurance premiums	313,791	288,736
Pension and other government employee benefits in respect of locally engaged staff employed in Canadian missions abroad	43,904	38,721
Pension and similar payments to former government employees	338	304
Miscellaneous special payments, e.g. court awards	1,584	269
Operating expenses	1,428	-
Total Expenses	4,569,876	4,542,182
Recoveries		
Contributions to government employee benefit plans recovered from other government departments and agencies	2,866,914	2,960,659

	2007	2006
	($ thousands)	
Contributions to health care plans recovered from other government departments and agencies	138,051	112,626
Pensioners' contributions to the Pensioners' Dental Services Plan	41,428	45,100
Total Recoveries	3,046,393	3,118,385
Net Expenses	1,523,483	1,423,797

5. Expenses

The following table presents details of expenses by category:

	2007	2006
	($ thousands)	
Transfer payments	34,700	87
Operating expenses:		
Centrally Managed Funds (Note 4)	1,523,483	1,423,797
Departmental salary and employee benefits	119,339	103,915
Professional and special services	43,258	43,984
Accommodation	9,211	8,312
Transportation and telecommunications	5,002	4,514
Machinery and equipment	3,470	6,052
Repairs and maintenance	1,639	1,285
Information	1,481	1,286
Utilities, materiel, and supplies	1,478	1,249
Rentals	895	777
Other subsidies and payments	633	168
Amortization	344	668
Total operating expenses	1,710,233	1,596,007
Total Expenses	1,744,933	1,596,094

6. Revenues

	2007	2006
	($ thousands)	
Parking fees	11,325	11,168
Recovery of pension administration costs	3,313	3,214
Other revenues	30	560
Total Revenues	14,668	14,942

7. Accounts Receivable

The following table presents details of accounts receivable:

	2007	2006
	($ thousands)	
Receivables from other government departments and agencies	183,923	194,620
Receivables from external parties	162	72
Advances to employees	39	33
Deposits in transit to the Receiver General	-	11
Total Accounts Receivable	184,124	194,736

8. Tangible Capital Assets

	Cost ($ thousands)				
	Opening Balance	Acquisitions	Transfers-in	Disposals	Closing Balance
Machinery and equipment	837	131	-	(26)	942
Motor vehicles	82	35	24	(52)	89
Leasehold improvements	1,893	-	59	-	1,952
Assets under construction	160	3,727	-	(160)	3,727
	2,972	3,893	83	(238)	6,710

	Accumulated Amortization ($ thousands)				
	Opening Balance	Amortization	Transfers-in	Disposals	Closing Balance
Machinery and equipment	576	149		(1)	724
Motor vehicles	37	37	10	(33)	51
Leasehold improvements	1,710	158	47	-	1,915
Assets under construction	-	-	-	-	-
	2,323	344	57	(34)	2,690

	Net book value 2006 ($ thousands)	Net book value 2007 ($ thousands)
Machinery and equipment	261	218
Motor vehicles	45	37
Leasehold improvements	183	37
Assets under construction	160	3,728
	649	4,020

Amortization expense for the year ended March 31, 2007, is $344,155 ($667,818 in 2006).

9. Accounts payable and accrued liabilities

The following table presents the details of accounts payable and accrued liabilities:

	2007	2006
	($ thousands)	
Accounts payable to other government departments and agencies	466,607	267,477
Accounts payable to external parties	131,583	117,756
Total accounts payable and accrued liabilities	598,190	385,233

10. Employee Benefits

a) Pension benefits

Eligible public service employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 per cent per year of pensionable service times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada/Quebec Pension Plan benefits and they are indexed to inflation.

The Secretariat funds the employer contributions to the Public Service Pension Plan, including additional contributions in respect of actuarial deficiencies, on behalf of all government departments and agencies, and recovers a portion of those costs. During the year, the Secretariat contributed $10,826 thousand ($11,060 thousand in 2006) in respect of its own employees, which represents approximately 2.2 times (2.6 times in 2006) the contributions made by its employees.

b) Severance benefits

The Secretariat provides severance benefits to its employees based on eligibility, years of service, and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2007	2006
	($ thousands)	
Accrued benefit obligation, beginning of year	17,245	14,530
Expense for the year	1,455	1,365
Benefits paid during the year	1,831	1,350
Accrued benefit obligation, end of year	20,531	17,245

11. Contingent liabilities

Claims have been made against the Secretariat in the normal course of operations. Legal proceedings for claims totalling approximately $64 billion ($34 billion in 2006) were still pending at March 31, 2007. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the department's financial statements. No accrual for these contingent liabilities has been made in the financial statements.

The most significant of these legal actions is described as follows:

In September 1999, the *Public Sector Pension Investment Board Act* (Bill C-78) was passed by Parliament, providing for improvements in the financial management of federal public service pension plans, including the Public Service (PSSA), RCMP (RCMPSA), and Canadian Forces (CFSA) superannuation plans. The new Act authorized the president of the Treasury Board to debit the accounts in order to reduce the amount of certain excess balances in the superannuation accounts. In late 1999, the major public service unions and pensioner associations launched three lawsuits against the Crown challenging the validity of the legislation. A trial of the issue was held in the spring of 2007. A decision has not been rendered to date.

12. Related-party transactions

Services provided without charge

The Secretariat is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Secretariat enters into transactions with these entities in the normal course of business and on normal trade terms.

During the year, the Secretariat received without charge from other departments accommodation and legal services. The services without charge have been recognized in the Statement of Operations as follows:

	2007	2006
	($ thousands)	
Accommodation	9,212	8,312
Legal services	3,338	4,360
Total	12,550	12,672

The government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all departments without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Statement of Operations.

13. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.

Table 11: Response to Parliamentary Committees, and Audits and Evaluations

Response to Parliamentary Committees
Government Response to the First Report of the Standing Committee on Public Accounts In her observations on the 2005 Public Accounts, the Auditor General of Canada said she was pleased that the government had passed legislation in July 2005 enabling her to conduct performance audits of foundations and most Crown corporations. She also pointed to the relatively small amount of foundation transfers—$535 million in 2004–05 versus more than $2 billion in some earlier years—as justification for her positive assessment of the government's efforts to improve the accountability of foundations http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=10466&Lang=1&SourceId=171829 *Government Response to the Fourth Report of the Standing Committee on Public Accounts* Since the time of the 10th Report of the Standing Committee on Public Accounts of the 38th Parliament (the "10th Report"), the government has introduced the Federal Accountability Act (the Act) and Action Plan. The Bill was passed by the House of Commons in June 2006 and is currently before the Senate Standing Committee on Legal and Constitutional Affairs. The government recognizes the concerns raised in the 10th Report and believes that this response addresses those concerns regarding the management responsibilities of deputy ministers and their accountability before committees of Parliament by designating heads of departments and other federal government organizations as accounting officers. The government is committed to working with the Committee on matters of accountability and recognizes the dedication of all members of the Committee to improve those issues. http://cmte.parl.gc.ca/Content/HOC/committee/391/pacp/govresponse/rp2400532/391_pacp_rpt04_gr-e.html#Intro *Government Response to the Ninth Report of the Standing Committee on Public Accounts* The Firearms Act was passed in 1995 and shortly thereafter the Canadian Firearms Program was established. Since its inception, this program has attracted considerable attention from parliamentarians. This attention was heightened when, in December 2002, the Auditor General of Canada tabled a report on the Canadian Firearms Program. At that time, the Auditor General found that Parliament was not kept informed about the dramatic cost increases of the Program. Parliament was thereby not given sufficient information to effectively scrutinize the Program and ensure accountability. In October 2003, the Public Accounts Committee reviewed this report and recommended that the government provide Parliament with more detailed information on the costs of the Program. In May 2006, the Auditor General released her Status Report, which contains follow-up audits of previous audits. In this report, the Auditor General followed up on the audit of the Canadian Firearms Program. During the course of this audit, officials at the Office of the Auditor General of Canada uncovered issues of significance to Parliament. Hence, the Auditor General decided to table a special report entitled Government Decisions Limited Parliament's Control of Public Spending. This report outlines how two accounting "errors," one made by the Department of Justice Canada in 2002–03 and the other by the Canada Firearms Centre in 2003–04, undermine the ability of the House of Commons to exercise control over government expenditures.[1] It also discusses how the accounting treatment of an ongoing contract may be inappropriate, as well as how key decisions taken within government regarding these accounting issues were not documented. http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=10466&Lang=1&SourceId=195149

Response to the Auditor General of Canada, including to the Commissioner of the Environment and Sustainable Development (CESD)
May 2006 Report of the Auditor General of Canada http://www.oag-bvg.gc.ca/domino/reports.nsf/html/06menu_e.html Chapter 1: Managing Government Financial Information Chapter 6: Management of Voted Grants and Contributions Chapter 7: Acquisition of Leased Office Space **November 2006 Report of the Auditor General of Canada** http://www.oag-bvg.gc.ca/domino/reports.nsf/html/06menu_e.html Chapter 1: Expenditure Management System at the Government Centre Chapter 2: Expenditure Management System in Departments Chapter 3: Large Information Technology Projects Chapter 5: Relocating Members of the Canadian Forces, RCMP and Federal Public Service Chapter 11: Protection of Public Assets—Office of the Correctional Investigator Chapter 12: Role of Federally Appointed Board Members—Sustainable Development Technology Canada **October 2006 Report of the Commissioner of the Environment and Sustainable Development (CESD)** http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c2006menu_e.html Chapter 1: Managing the Federal Approach to Climate Change Chapter 4: Sustainable Development Strategies Chapter 5: Environmental Petitions

Internal Audits or Evaluations
Internal audits Audit of Accounts Payable (Preliminary Survey completed. Detailed Examination Phase deferred until 2008–09) **Other projects** Review of Translation and Editing Services (to be tabled for approval in the fall of 2007) Development of the Secretariat's Risk-based Audit Plan (completed) **Evaluations** Evaluation of Foundations As Instruments of Public Policy (completed) http://www.tbs-sct.gc.ca/report/orp/2007/ef-fe/ef-fe_e.asp

In response to the Treasury Board *Policy on Internal Audit* and changes brought about by the *Federal Accountability Act*, measures have been taken to strengthen the capacity of the internal audit function, including extensive recruitment of audit staff and establishment of key processes and infrastructure.

Table 12: Sustainable Development Strategy

The following table outlines the results of the Secretariat's third Sustainable Development Strategy (SDS)—for the calendar years (CYs) 2004–06—and beginning the implementation of its fourth SDS (for CYs 2007–09).

Department	
Points to Address	**Departmental Input**
1. What are the key goals, objectives, and/or long-term targets of the SDS?	The departmental long-term SDS goals are: • to contribute to improved management of and accountability for sustainable development (SD) within the Government of Canada; • to make progress on federal priorities related to sustainable development; and • to improve environmental stewardship of Secretariat operations.
2. How do your key goals, objectives, and/or long-term targets help achieve your department's strategic outcomes?	In fiscal year (FY) 2006–07, the Secretariat revised its priorities as a department to focus on the priority issues for the Government of Canada—on ways to improve accountability in public-sector management and deliver on commitments to Canadians. With this focus, the Secretariat approaches the management board issues relating to SD through its functions as a central agency, its responsibilities as a policy lead in areas designated as federal priorities for SD, and as a department responsible for managing its own operations.
3. What were your targets for the reporting period?	The reporting targets for the first part of FY 2006–07 were established by the Secretariat's SDS for 2004–06 (available at http://www.tbs-sct.gc.ca/report/sds-sdd/0406/sds-sdd_e.asp) with the primary target being to develop and table in December 2006 an updated SDS for the CY 2007–09 period.
4. What is your progress (this includes outcomes achieved in relation to objectives and progress on targets) to date?	The Secretariat developed and tabled its updated SDS for the CY 2007–09 period. (Progress on the last year of the 2004–06 SDS is captured in the Appendix of the Secretariat's 2007–09 SDS available at http://www.tbs-sct.gc.ca/report/orp/2006/sds_e.asp). The implementation of the updated SDS began in the last quarter of FY 2006–07 and progress was made. This included working with Environment Canada to explore approaches to improve reporting on SD (one of the short-term outputs of that work was an enhanced template for departmental reporting on SD in the DPRs); incorporating reference to SD in the guidance for policy suite renewal; participating in the development of a government-wide course on SD; continuing work on the policy management for federal fleet and contaminated sites; and greening Secretariat operations through green procurement initiatives (e.g. green furniture purchases), and support for green stewardship (e.g. increased membership in the Green Citizenship Network).

Department	
Points to Address	Departmental Input
5. What adjustments have you made, if any? (To better set the context for this information, discuss how lessons learned have influenced your adjustments.)	The Secretariat's SDS was adjusted to follow the guidance for the fourth round of SDS provided by Environment Canada and the Office of Greening Government Operations at Public Works and Government Services Canada. This guidance set out targets and measures linked to federal SD goals and federal priorities for greening government operations. The Secretariat improved its internal management of SDS commitments by: • developing an implementation plan; • monitoring progress through internal corporate quarterly tracking; • including SDS commitments in executive performance management agreements; • updating senior management committees; and • increasing collaborations within the department.

Table 13: Procurement and Contracting

Supplementary information on procurement and contracting can be found at http://www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp.

Table 14: Travel Policies

The Secretariat adheres to travel policies and parameters as established by the *Special Travel Authorities* and the *Travel Directive*, Rates and Allowances.